FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,683 — Tuesday January 26 1982 — ***30p

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 30; DENMARK Kr 6.00; FRANCE Fr 5.00; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 85; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 42p; MALTA 30c

NEWS SUMMARY

GENERAL

Nuclear plant alert in U.S.

A "site emergency" was declared at Ginna nuclear power plant near Rochester, New York, yesterday when radioactive steam leaked from an apparently broken pipe.

Officials said the plant, designed and built by Westinghouse Electric, shut automatically after a tube rupture in the steam generator which was apparently leaking at 75 gallons a minute. It is a pressurised water reactor. "Site emergency" is the second highest accident classification for a nuclear emergency. Page 4

Steel-blast death

One man died and five others were hurt at George Blair steelworks, Newcastle upon Tyne, after a furnace believed to contain molten metal had apparently exploded.

Air fares change

Air fares on north Atlantic routes this summer are expected to be simplified if International Air Transport Association plans are accepted.

Secret ordeal

A woman who kept a rape ordeal secret fell to her death from a tower block, an inquest heard. The coroner recorded an open verdict on Cathy Lynch, 21, of Liverpool.

Spurs' fan jailed

Spurs fan Keith Wilks, of Tottenham, was jailed for three years at the Old Bailey after admitting the manslaughter of a Leeds supporter.

Plea over Pope

Merseyside County Council wants the Government to help pay for police overtime during the Pope's visit because it cannot afford the estimated £600,000.

Dozier 'alive'

Guerilla kidnappers in Italy of U.S. General James Dozier issued a photograph apparently showing him alive and with a beard.

GLC rate move

GLC is considering spending options which may mean the GLC portion of London ratepayers' bills rising by as much as 144 per cent this spring. Back Page

Drugs men jailed

Six men who helped distribute cocaine worth £12m, illegally imported from South America, were jailed for a total of 48 years by Lewes Crown Court, Sussex.

SDP 'think tank'

An unofficial SDP think tank—similar to the Fabian Society, Labour's research group—has been set up to promote policy ideas for the party. Page 8

Healey's attack

Denis Healey, Labour's deputy leader, criticised the U.S. TV show Let Poland Be Free as Hollywood razzamataz. Mrs Thatcher appears in the show.

Journalist freed

Sunday Mirror journalist Greg Miskiw, charged with entering Poland illegally before Christmas, was freed after paying £5,000 bail.

Good scout

Arthur Primmer, 90, who attended Baden-Powell's first scout camp in 1907, helped launch the year of the scout at a Westminster reception.

Briefly . . .

Colchester Zoo is up for sale at £1m.

Campaign for lead-free petrol, supported by 139 MPs, was launched.

BUSINESS

Lloyds set to buy Bowmaker for £80m

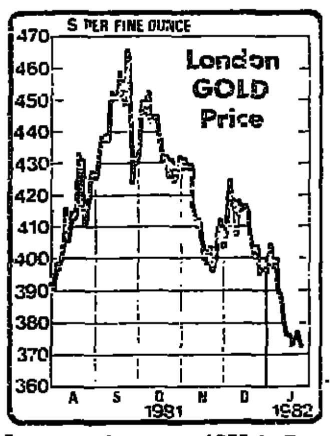
● LLOYDS AND SCOTTISH, Lloyds Bank's finance house, is expected to announce the acquisition of Bowmaker, Britain's last big independent finance house, for about £80m. Back Page

● EQUITIES were subdued pending Wall Street's reaction to the rise in the U.S. money supply. The FT 30-share index fell 9.5 to 557.7. Page 30

● GILTS weakened as U.S. events undermined optimism over European interest rates. The Government Securities index fell 0.63 to 63.52. Page 30

● WALL STREET was 6.85 down at 838.18 near the close. Page 27

● GOLD fell $3 in London to $372. In New York, the Comex January close was $375.2. Page 26



● DOLLAR strengthened in response to the rise in the U.S. money supply, closing at DM 2.337 (DM 2.3065), SwFr 1.8675 (SwFr 1.8525) and Y229.25 (Y227). Its trade weighted index rose to 110.5 (109.3). Page 26

● STERLING weakened, falling 1.85c to $1.8545 and to SwFr 3.465 (SwFr 3.4725). Against the D-mark it rose to DM 4.335 (DM 4.325). Its trade weighted index slipped to 90.7 (90.9). Page 26

● TREASURY'S chief economic adviser Terry Burns said there was a chance this year's growth in UK output may exceed the Treasury forecast of 1 per cent. Back Page

● JAPAN pledged it would take steps to increase imports from the U.S. and EEC as crucial trade talks with Community officials started. Page 4

● YUGOSLAVIA suspended its eqorts to negotiate a $400m Eurocredit because of poor market reception to its proposals. Page 24

● BNOC plans to develop its Clyde Field in the North Sea at a cost of £900m to £1bn and bring it on stream by late 1987. Page 6

● FARMWORKERS voted decisively for a merger between their financially troubled union and the Transport and General Workers' Union. Page 8

COMPANIES

● RIO TINTO-ZINC, the mining group, won control of Thos W. Ward, the industrial holding company, after a protracted takeover battle. Back Page

● TOYOTA MOTOR, Japan's biggest motor group, said it would merge completely with Toyota Motor Sales, its marketing arm, on July 1. Back Page

● RANK ORGANISATION, the entertainments group, reported pre-tax profits down from £109.42m to £102.76m for the year to end-October. Page 20; Lex, Back Page

● MERCANTILE HOUSE, the international financial services group, more than doubled pre-tax profit from £2.85m to £6.11m for the six months to end-October. Page 20

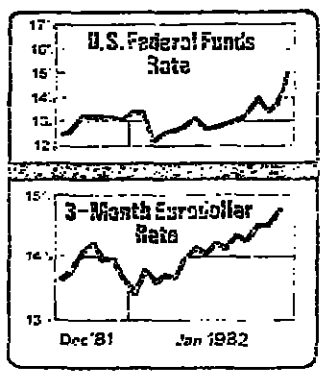
CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Treas 13¼pc 1993	£91½	− 1
Alexanders Discnt.	253	+ 18	Allied-Lyons	69	− 3
Allied Textile	173	+ 15	Assoc Dairies	146	− 6
Ash & Lacy	265	+ 8	Barclays Bank	450	− 12
Baird (Wm)	193	+ 8	Brit Aerospace	201	− 6
Common Bros	270	+ 8	Christies Intl	118	− 8
Hunslet	360	+ 20	Geers Gross	108	− 10
Huntley & Palmer	111	+ 3	Greatermans Sts A	455	− 75
Kershaw (A)	273	+ 13	ICI	330	− 6
Mercantile House	460	+ 20	NatWest Bank	402	− 13
Newmark (Louis)	253xd	+ 32	Pilkington Bros	280	− 13
Pittard	60	+ 16	Reed Intl	264	− 10
Rank Org	190	+ 16	Rowntree Mackintsh	154	− 12
Reardon Smith A	110	+ 8	Sotheby PB	320	− 25
Tomkinsons Crpts	68	+ 5	Tarmac	414	− 8
Union Discount	420	+ 20	Vickers	168	− 5
Canada North West	14	+ 3	Candecca	187	− 13
FALLS			Doornfontein	782	− 46
Exchqr 12¼pc 1985	£90	− 1⅞	RTZ	422	− 8

U.S. market reactions threaten European economic initiative

BY DAVID MARSH IN LONDON AND DAVID LASCELLES IN NEW YORK



A NEW economic policy rift between the U.S. and Europe loomed last night as the dollar and American interest rates rose sharply in reaction to the latest spurt in the U.S. money supply.

The fresh wave of higher U.S. interest rates could wreck the independent initiative launched last week by the Bank of England, the West German Bundesbank and other EEC central banks to lower the cost of credit in Europe and speed up economic recovery.

The sharp fall in sterling and leading Continental currencies against the dollar yesterday could prolong the European recession just as an upturn had apepared likely.

EEC central banks may now be forced to act to prevent currency depreciation triggering fresh inflation.

Matched against heavy flows of international funds drawn into higher-yielding dollars, central banks from Europe and Japan yesterday carried out only modest amounts of intervention to help brake the slide in their currencies.

European interest rates also rose generally—though by much less than the sharp increase in dollar rates—as the shock wave of tighter U.S. credit spread across the world's financial markets.

The dollar closed in London at DM 2.3370, its highest since late September, up sharply from DM 2.3065 on Friday.

Sterling finished at $1.8545, down 1.85 cents from Friday and the lowest closing level for nearly three months. It had slipped to $1.8480 at one stage during trading yesterday.

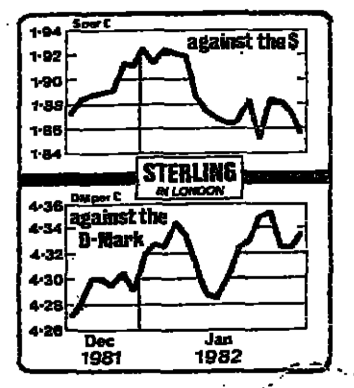
In very active trading, the D-Mark came under severe pressure from large selling orders, some believed to be from the Middle East.

Surprisingly, the Bundesbank failed to intervene at the midday fixing session in Frankfurt, preferring to leave the rate to find its own level under the weight of orders.

The Bundesbank and the Bank of England were thought to have made scattered dollar sales to defend their currencies throughout the day. In Tokyo, the Bank of Japan sold an estimated $100m as the yen fell sharply to a three-month low.

Continued on Back Page

Lombard, Page 19



December trade surplus points to record year

BY MAX WILKINSON, ECONOMICS CORRESSPONDENT

BRITAIN had a balance of payments surplus on current account of £498m in December, suggesting that there has been a record surplus of some £6bn for 1981 as a whole.

Final figures for the year may not be available for some time because there is no data for between March and August because of the civil servants' indsutrial action.

The December figures, out yesterday, show an increase in the current account surplus of £250m compared with the November figures, depressed by a surge of imports, partly a response to the end of destocking by importers.

In December imports fell £368m compared with the previous month to £4.37bn. As a result the visible trade surplus was £331m, against only £51m in November.

All the figures must be treated with caution, partly because the series is incomplete as a result of the strike and partly because the method of collection of statistics was changed in the autumn.

BALANCE OF PAYMENTS
Current account
£m seasonally adjusted

1981	Visible trade	Invisibles	Current account
Jan.	+742	+441	+1183
Feb.	+314	+441	+755
Sept.	−13	+101	+114
Oct.	+366	+166	+532
Nov.	−51	+167	+218
Dec.	+331	+167	+498
4th Qtr	+748	+500	+1248

Invisibles = ⅓ of appropriate quarterly estimtae. Monthly figures not available.

Source: Department of Trade

However, it seems clear that there has been a significant rise in the trend of both exports and imports since the beginning of 1981.

In the last quarter of 1981 the seasonally-adjusted volume of imports was 14 per cent higher than a year earlier. volume of exports increased 5.4 per cent in the same period.

Volume of imports in the final quarter of 1981 was no larger than the quarterly average for the first half, and about the same as the quarterly average for 1979, both periods of greater economic activity.

In December oil contributed a record £402m to the visible trade balance, about twice as much as in the previous month.

The non-oil balance on visible trade showed a deficit of £71m. Total exports of oil reached a record of £976m in the month out of the total of £4.7bn.

The visible trade surplus has fallen from an average of £500m a month in the first two months of 1981 to an average of only £200m from September to December. The main reason for this was a reduction of the surplus on semi-manufactured goods and an increase in the deficits on trade in food, beverages and tobacco and in basic materials.

The value of imports of manufactured goods in constant (1975) prices rose 12 per cent from January to December last year. It was 17 per cent higher in December than the average for 1979.

Exports of manufactured goods increased some 20 per cent at 1975 prices from January to December, but the December figure was little higher than the monthly average for 1979.

UK budget payment issue splits EEC

BY JOHN WYLES IN BRUSSELS

THE European Economic Community appears to be heading for renewed tension and division after EEC Foreign Ministers failed yesterday to agree on a framework for long-term reductions in UK payments to the EEC budget.

At the end of a fruitless day-long negotiating session Lord Carrington, the British Foreign Secretary, said Britain would prevent any agreement on the annual price increases for Community farmers, envisaged for the end of March, until it had secured a satisfactory budget deal.

Without a budget settlement, he said, the guidelines for Community reform already agreed were frozen, and, as a result, farm price rises could not be concluded.

Yesterday's failure almost certainly means the EEC summit here at the end of March will be dominated, like that of March 1980, by the UK budget issue. An attempt will be made to find a solution beforehand but several member-states are taking stands on issues of principle which only heads of government may be able to adjust.

Meanwhile, M Gaston Thorn, President of the European Commission, and M Leo Tindemans, the Belgian Foreign Minister who is current President of the EEC Council of Ministers, will tour capitals seeking a compromise. This would try to specify the amount by which the UK's budget transfers to Brussels should be reduced and for how long.

According to Lord Carrington yesterday's deadlock was not caused by a lack of political will among Britain's partners but because "Ministers of Finance see there is going to be a bill which will have to be paid. If the UK pays less to the budget then others are going to gain less. That is the fundamental difficulty."

Nevertheless the actual sticking-point in the negotiations was the unlikely one of "degressivity." This is the insistence by most member-states that any special payments to the UK should be reduced from one year to the next during an agreement's lifetime.

Lord Carrington said he had not heard anyone make a logical defence of this principle. He said Britain could accept progressive reductions in its refunds but only if the EEC successfully developed policies to funnel more spending to the UK

France's approach yesterday appeared to have bardened and echoed former President Giscard d'Estaing's stand two years ago. M Claude Cheysson, the socialist Foreign Minister, said the UK sought a "juste retour" (broad budget balance), which was not a Community idea. "The British and we are not speaking of the same Community."

Herr Hans Dietrich Genscher of West Germany said "we cannot be a Community of lions, when each one wants to take his share."

Germany's prospect of being relieved of part of the burden of financing any special arrangement for the UK was blocked yesterday by The Netherlands, adamant special favours should be limited to poorer member-states

No progress was made on agreeing the basis for economies in and controls over surplus milk production.

Lord Carrington said any likely agreement on milk, and guidelines already agreed for Mediterranean agriculture, would tend to make the UK budget - payments problem worse and this strengthened London's case for a just and fair solution.

£ in New York

—	Jan. 22	previous
Spot	$1.8620-8650	$1.8730-8760
1 month	0.05 dis-par	0.14-0.09 dis
3 months	0.20-0.25 pm	nil-0.05 pm
12 months	1.80-2.00 pm	1.15-1.30 pm

Jaruzelski offers gradual easing

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S MILITARY chief, General Wojciech Jaruzelski, offered the country a gradual lifting of martial law yesterday, but made clear that resistance to military rule would prolong the present restrictions.

In his first and keenly awaited address to the Sejm Parliament, since the December 13 crackdown, he hit out at the West, and the U.S. in particular, for "attempting to interfere in Poland's internal affairs." Western sanctions would not alter his policies.

Poland still wanted to continue talks on rescheduling her Western debt to "secure our country's interests and those of our creditors." But the only long-term solution to easing Poland's debt burden lay in increased exports.

The more onerous aspects of martial law would be lifted by the end of February, Gen Jaruzelski told the Sejm, but only if "illegal actions did not develop or other unforeseen circumstances did not intervene," he added ominously.

This was a clear warning against any new wave of opposition to the big food price rises due on February 1, or when the universities reopen shortly. The army has taken the precaution of setting up checkpoints on key roads throughout the country, while police in Warsaw were reinforced.

If members of Solidarity, now suspended, resume their activities, then "the only consequence will be the lengthening of martial law and a sharpening of restrictions," the General said in his toughly worded speech, which many observers had thought might take a more liberal line, and promise a speedier end to martial law.

The military authorities evidently plan to keep elements of martial law in place for some time yet, at least until the economy begins to recover.

Gen Jaruzelski said signs of recovery would be apparent in the second half of this year, which could mean several more months of militarisation of key factories, of the six-day week, military labour discipline and suspension of trade union rights.

If the situation remains relatively calm, however, travel restrictions and the curfew might end much sooner. Warsaw Radio said yesterday that private motorists could buy limited amounts of petrol again from February 1.

Gen Jaruzelski did not mention Solidarity by name, but simply said: "At the moment there are no ready solutions" to a resumption of trade union activity.

Mr Lech Walesa, the leader of Solidarity is still interned, apparently refusing to negotiate with the authorities.

Gen Jarulzelski said that 1,760 internees had been freed, but 4,549 were still held. "They must review their mistakes and begin to think realistically," he said.

While he did not want to deport them, "we will not place any obstacles in their way if they want to leave the country eventually."

Poland's application to join the International Monetary Fund still stood, and she wished to fulfil her debt obligations. He repeated his strong commitment to economic reform, decentralising decision making, ending corruption and promoting efficiency, but gave no timetable.

Implicitly denying charges that the December 13 crackdown was Soviet-inspired, Gen Jaruzelski said the decision to introduce martial law was "our own, on the basis of our own assessment of the situation and carried through with our own forces."

He criticised the Western policy of economic sanctions as designed to "take the country by hunger and provoke internal strife."

● The Soviet Union, Czechoslovakia and Hungary opened a six-day joint military exercise in western Czechoslovakia, said Tass in Moscow yesterday.

Russia may face higher export credits bill, Page 2

Huntley rejects Rowntree bid

BY RAY MAUGHAM

CONFECTIONERY GROUP, Rowntree Mackintosh, has launched a takeover bid for Huntley and Palmer which values the Peak Frean and Jacobs biscuit manufacturer at £72.6m.

Its terms are one ordinary share and 150p in cash for every three Huntley and Palmer shares. A loan note alternative to the cash element will be offered.

The bid was rejected by Huntley and Palmer yesterday as "wholly inadequate and unwelcome."

The two groups have been linked for 10 years. Rowntree, which has a representative, Sir Ashley Ponsonby, on the Huntley board, has a substantial holding in Huntley.

The share holding is shown at 23.8 per cent, having risen from 18.6 per cent just before Christmas. Rowntree added to its holding after steady buying by the brewing group, Allied-Lyons, which is thought to control just under 5 per cent of the shares.

If Rowntree's bid succeeds, it will create a biscuits, snacks and confectionery company with sales of over £1bn, on 1980 figures. Rowntree makes Kit Kat, Quality Street and Polo among many other brands.

Huntley's last major acquisition was Smiths, the crisps company acquired from General Mills in 1979 for £16.4m. Some four fifths of its sales are produced in the British market.

Rowntree has made concerted efforts to expand in Continental Europe where its turnover exceeds £150m. European operations, however, are still breaking even and it has not been able to find a suitable U.S. acquisition.

Mr Kenneth Dixon, chairman of Rowntree, said yesterday that "we have thought hard over the last ten years about a bid for Huntley" and said that Rowntree had been attracted "by the potential of Huntley's big brands."

"Rowntree is beginning to construct a non-confectionery leg after a ten years' thrust toward geographical expansion on a narrow product base," he added.

"We are trying to build up large brands and re-invest the profits that more established markets generate," he said. Huntley has approximately 20 per cent of the UK biscuits market. United Biscuits, headed by Sir Hector Laing, controls some 38 per cent.

Background, Page 22
Lex, Back Page

CONTENTS

For latest Share Index phone 01-246 8026

Anger erupts in France over Soviet gas deal

BY TERRY DODSWORTH IN PARIS

CRITICISM from both ends of the political spectrum was directed at the French Government yesterday following the decision to sign a natural gas supply contract with the Soviet Union.

The reaction to the deal, which is part of the controversial Soviet gas pipeline project, shows the depth of feeling in France over the suppression of civil liberties in Poland. It will also embarrass the Government after its criticism of the Soviet Union's role in Poland.

Two trade unions, the Socialist-orientated CFDT, and the moderate Force Ouvriere, said that the contract should not have been signed. The deal weakened the reaction of the French Government and its European partners "in the face of the situation in Poland and the strategy of the Soviet Union," said M Jacques Chereque, assistant general secretary of the CFDT.

On the Right, the most comprehensive rejection of the contract came from M Jacques Chirac, the former Prime Minister and head of the neo-Gaullist RPR Party.

Although the gas negotiations were started by the former conservative administration of President Giscard d'Estaing, who was supported by the RPR, M Chirac had no hesitation in condemning the agreement as a "serious mistake."

He drew attention particularly to the timing of the deal which, he said, deprived the Socialists of the right to talk about human rights in Poland. The difference between what the Socialist Party was saying and doing, he said, was due to the pressure placed upon the Government by the presence of Communist Ministers.

Apart from this political point-scoring, M Chirac also drew attention to two issues which have caused wider anxiety in France—the export of up-to-date French technology to the Soviet Union, which will form part of the agreement, and the country's growing dependence on Soviet gas.

According to official figures, France's supplies of Soviet gas are due to rise to about 32 per cent of its total needs by the end of this decade. This will compensate for a run-down in the off-take from Lacq, the gas-field in south-west France, but should also be accompanied by the development of supplies from Africa.

Defending the agreement, M Jacques Delors, Economics Minister, said that it fell within the policy aim of diversifying France's energy sources.

The West Germans had already signed, he stressed, and France needed to follow suit to protect the reciprocal industrial contracts that will flow from the agreement. The country was steering a middle line between supporters of the convergence concept of East-West relations and some hard-line U.S. attitudes, which wanted to stop trade with the Soviet Union.

The rejection of the U.S. position was echoed more forcefully by the Communist newspaper Humanité, which argued that the deal underlined the refusal of the French Government to align itself on the U.S. policy.

Russia may face higher export credits bill

by John Wyles in Brussels

EUROPEAN COMMUNITY governments remained hesitant yesterday about mounting sanctions against the Soviet Union because of events in Poland, although a majority seems likely to favour charging Moscow higher interest rates on export credits.

Formal decisions have been held over until today, but an informal lunchtime discussion among EEC foreign ministers in *Brussels yesterday confirmed* that there was little early prospect of the Ten bowing to U.S. pressure for limited trade sanctions against the Soviet Union.

Although some governments may yet impose further restrictions on Soviet diplomats and may seek to renegotiate bilateral agreements with Moscow, ministers agreed that the possibility of a common response remains limited.

But they look likely ot support a European Commission to stop sales of cut-price food to Poland. They should also decide today to ask the Commission to make further studies of the possibilities for restricting imports from the Soviet Union.

In addition, they are expected to ask the Commission to take a view of what the Ten need to do to avoid undemining U.S. sanctions against Moscow.

Any move to tighten export credits may have to be pursued over the objectiosn of the Greek Government. It will, in any case, be decided finally within the 24-nation Organisation for Econmic Co-Operation and Development, since a change will be needed in the OECD guidelines.

At the moment, the OECD classifies the Soviet Union as a "intermediate" nation qualifying for subsidised rates of 10.5 per cent on short-term credits of two to five years and 11 per cent on 5-8½ years. Reclassification to "relatively prosperous" would raise the interest rate charges to Moscow to 11 per cent and 11.25 per cent respectively.

This would increase the costs of financing Soviet trade with the West and, for example, raise the expense of building the controversial pipeline for transporting gas between Siberia and Western Europe.

Portugal assured that talks on joining EEC will continue

BY LARRY KLINGER IN BRUSSELS

PORTUGAL yesterday won assurances that its negotiations to *join the EEC would continue* despite questions over parallel talks between the Community and Spain.

Sr Francisco Pinto Balsemao, the Portuguese Prime Minister, who began a three-country tour of northern Europe in Brussels yesterday, was told by M. Gaston Thorn, President of the European Commission, and Sig. Lorenzo Natali, the Commissioner responsible for talks on EEC enlargements, that negotiations would go ahead.

These included talks at a technical lével later this month and a meeting with EEC Foreign Ministers on February 22, about a month earlier than the similar negotiations scheduled with Spain.

Both Spain and Portugal are due to join the European Community on January 1, 1984, but doubts have been raised, especially by France, that the difficult questions involving Spanish agricultural arrangements may not be resolved in time.

Unlike Spain, Portugal is a net importer of most agriculture products, and Portuguese officials are keen that the two *Iberian nations should* be treated separately so that nervousness over potential Spanish competition will not delay Lisbon's negotiations.

The Portuguese are emphasising their determination to obtain a full political agreement on accession even if ratification of the treaty might have to slip beyond the 1984 target.

Portuguese officials now hope that with a commitment *from* the Belgians, who hold the Presidency of the EEC Council of Ministers, the signing of the accession treaty might be achieved by the end of this year.

Sr Balsemao is to meet Mr Leo Tindemans, the Belgian Foreign Minister, today and is expected to be told that the Council Presidency favours continuing the momentum of the talks.

This would envisage agreement on the less vexing issues, such as regional, social, transport and fiscal policy, before the summer, and agreement later on the more troublesome issues of agriculture, textiles and Community budget contributions.

Italy weighs Pravda broadside

By Our Rome Staff

ITALIAN POLITICAL leaders were yesterday assessing how the strong Soviet attack on the Italian Communist Party (PCI) will affect the country's political situation and the exclusion of the country's second biggest political group from power at the national level.

Yesterday the party newspaper *l'Unita reprinted in full* the Pravda article which accused it of being "contrary to socialism and peace" in its reaction to the Polish crisis. After lengthy deliberation, the Italian party's central committee has rejected the Soviet model of socialism in favour of its own "third way."

The initial reaction of Sig *Flaminio Piccoli*, secretary of the long-ruling Christian Democrat Party, was that the importance of the Soviet attack on the PCI was not to be underestimated. He had earlier welcomed the PCI's stance on the Polish issue.

Sig Bettino Craxi, the leader of the Socialist Party which is in the coalition Government with the Christian Democrats, said that the Italian Communists had not just condemned the events in Poland but had subjected the whole Communist system of power to a radical review. Nevertheless, he accused Sig Enrico Berlinguer, the PCI leader, of sectarianism in his attitude to the Socialists—a reference to the continuing antagonism between the two main parties of the Italian Left.

The Socialist Party, whose electoral support is rising, has no wish to see greater competition on the Left with the Communists. The unacceptability of the Communists in national Government is of advantage to the Socialists.

They fear that the Communists could again form an accommodation with the Christian Democrats as they did in 1978-79 when they formed part of the governing majority, though not the Government. That is an option that the Christian Democrats would like to keep open, but it would require a significant change of attitude by the PCI, which has reverted to portraying the Christian Democrats as the Communists' historic enemy.

Pressure on Spadolini over Siberia contract

BY JAMES BUXTON IN ROME

THE ITALIAN Prime Minister, Sig Giovanni Spadolini, is expected to come under increasing pressure from some members of his Government to sign a formal agreement with the Soviet Union on gas supplies from the Western Europe-Siberia pipeline.

Even before the French Government signed an accord with Moscow, Sig Giovanni Marcora, the Minister of Industry, was pressing for government action both on the Soviet gas pipeline and the related issue of the price of gas supplies via a pipeline from Algeria.

The Government decided to impose a "pause for reflection" on the negotiations with the Soviet Union in the wake of the crackdown in Poland. This was strongly demanded by the Socialist and Social Democratic parties which belong to the five-party coalition.

The gas supply contract with the Soviet Union was due originally to have been signed on January 12. Italy has a preliminary agreement to take up to 8.5bn cubic metres a year. Final quantity and price remain to be agreed.

But Sig Emilo Colombo, the Italian Foreign Minister, drew attention to the economic advantages of Italy taking gas supplies both from the Soviet Union and from Algeria, and of Italy's need for both those sources of supply.

Some ministers fear that if the pause for reflection continues much longer, the Soviet Union will regard the negotiations as having broken off altogether. That would prejudice Italian hopes of winning a further contract for the supply of equipment for the pipeline. The Italian state steel concern, Finsider, is seeking a contract for pipes.

It is also argued that conclusion of an agreement with the Soviet Union would make it easier to reach an accord with Algeria. The trans-Mediterranean pipeline from Algeria via Tunisia to Italy has already reached Sicily but was not opened on schedule last November because of a disagreement on price.

An agreement on gas supplies with the Soviet Union is likely to be at a lower price than Algeria is asking, and the availability to Italy of Soviet gas would weaken the Algerian bargaining position. The recent signing of an agreement between France and Algeria on gas supplies has helped clear the way to an agreement with Italy, and Sig Nicola Capria, the Foreign Trade Minister, is expected to go to Algiers in the next few days to press forward the negotiations.

Mr Mohammed Seddik Ben Yahya, the Algerian Foreign Minister, is due in Rome on Wednesday for talks which are likely to include the pipeline issue.

West German companies win pipe order

BY JONATHAN CARR IN BONN

THE WEST GERMAN companies Mannesmann Handel and Thyssen Stahlunion have won another big order from the Soviet Union for steel pipes to carry natural gas.

The deal does not form part of the controversial gas-against-pipes contract signed between the West Germans and *Russians last November, but it* is a further sign of normal trade relations between the two, despite the political tension over Poland.

Mannesmann said yesterday that the companies will deliver this year and next a total of 1.2m tonnes of large-diameter piping on an order from Promsyrioimport, the Soviet foreign trade organisation.

As usual no figure is given for the value of the business but the deal helps to guarantee jobs at Mannesmann's pipe manufacturing works at *Muelheim, in the Ruhr, where* unemployment is high.

This is the latest in a series of such West German-Soviet deals since 1970. The most recent, for 550,000 tonnes of piping, was agreed in April 1981 and is due to be concluded on schedule this March.

Meanwhile, U.S. opposition to the gas-against-European pipes deal—and Washington's imposition of sanctions on some parts needed by the Europeans for fulfilment of the contract—is having repercussions elsewhere in the Ruhr.

The works council of AEG-Kanis, an Essen-based company involved in the Soviet deal, has accused President Ronald Reagan of carrying through his policy on Poland "on the backs of the workers

More than 2,000 jobs at AEG-Kanis were threatened because gas turbine parts needed by the company from General Electric of the U.S. were barred from delivery because of the sanctions, the works council said.

It added that since the U.S. had often voiced opposition to the deal on the grounds that Western Europeans would become too dependent on Soviet energy supplies. It now seemed clear that the Polish situation was being used as an excuse to prevent the business going ahead.

Haig to link arms talks start with Poland

BY DAVID TONGE IN GENEVA

Gromyko: Geneva meeting

THE U.S. Secretary of State, Mr Alexander Haig, is today expected to tell Mr Andrei Gromyko, his Soviet counterpart, that the U.S. directly links the start of any talks to reduce the super-powers' strategic arsenals with an improvement in the Polish situation.

Mr Haig made clear that yesterday's statement on martial law by General Wojciech Jaruzelski, the Polish leader, had not eased his concern about Poland. However, Mr Gromyko insisted on arrival in Geneva that he would not discuss "the domestic situation in Poland."

But Mr Gromyko added that he was certainly prepared to discuss "questions concerning relations between the U.S. and the Soviet Union."

Today's meeting between the two was arranged last autumn to set a date for the long awaited strategic arms reduction talks between the U.S. and Moscow. Western diplomats believed these talks would start in mid-March but U.S. officials now rule out agreements on a date today.

A senior U.S. official, who flew with Mr Haig to Geneva on Sunday, said it was President Ronald Reagan's policy "not to conduct business as usual as long as repression is underway in Poland". Instead, Mr Haig intends to use his first encounter with Mr Gromyko since the imposition of martial law in Poland to express western outrage at increasing repression there.

Mr Haig also plans to tell Mr Gromyko of U.S. concern at the Soviet troop build-up in Afghanistan and the supply of advanced Mig-23 planes to Cuba, according to his aides.

Last week, the State Department abruptly cut the Geneva meeting from two days to one. This tough stand sets Mr Haig at odds with Washington's main European allies who see arms control talks as valuable in themselves and not to be sacrificed because of Poland. They had supported Mr Haig's earlier position that the present arms talks in Geneva on medium-range nuclear weapons were in a special "category" of East-West relations and should be kept separate from other aspects of the Polish crisis.

Countries like West Germany and Britain have been telling the U.S. that they need to keep up the initiative against the anti-nuclear movements which plagued them this autumn.

Norwegian banks will be forced to cut loan rates

BY FAY GJESTER IN OSLO

NORWAY'S Finance Minister *has announced* a package of credit measures which include an adjustment of ceilings on interest charges which is almost certain to force some banks to lower their rates on certain types of loan.

The move took the market by surprise. Many observers had expected the new Conservative Government to permit a slight rise in rates on loans so that the banks could increase the interest offered on deposits, thus stimulating savings.

Some banks which had just begun to raise deposit rates may now have to lower them.

A spokesman for the commercial banks said the package appeared to prolong and even reinforce the regulatory policies pursued by the previous Labour administration.

"The switch to a more market-oriented credit policy is obviously being postponed pending an overhaul of fiscal policy, which the Government has admitted will take time," said Mr Trond Reinertsen, head of the Commercial Banks Association.

The Ministry said the decision to hold down the general level of interest rates reflected the need to avoid inflationary pressures in the Norwegian economy *at this stage—soon after the* ending of a price freeze and just before the spring wage bargaining. Higher interest rates would also have increased operating costs for business and industry it pointed out.

The new rules limit interest charges by banks to 14.2 per cent per annum on short-term loans (less than a year) and 12 per cent on longer term loans. Insurance companies may not charge more than 10.5 per cent on longer term loans.

E. Berlin warns on sanctions

By Leslie Colitt in Berlin

EAST GERMANY has warned that the four-power agreement on Berlin and West Germany's treaties with Poland and the Soviet Union could be affected if Bonn participates in any Nato economic and political sanctions against Moscow and Warsaw.

The East German leadership, in an editorial in the Communist newspaper Neues Deutschland, said the sanctions which it claimed had been "approved" by Nato foreign ministers violated West Germany's treaties of friendship with Poland and the Soviet Union, as well as the four-power treaty on Berlin. The sanctions could "not go without an answer."

Mr Andrei Gromyko, the Soviet Foreign Minister, is to visit East Berlin tomorrow and Thursday for talks with President Erich Honecker.

Until now, Moscow has avoided even hinting at retaliation against West Germany if it adopts counter - measures because of the Polish military takeover. By letting the East German leadership issue a warning, it has avoided appearing to threaten Bonn which it has been wooing assiduously

East Germany's assertion that the four-power Berlin treaty has also been violated is also a warning to the three Western allies. Berlin has been *unaffected by the Polish crisis* until now, but in any widening conflict about Poland between East and West, the Soviet lever in Berlin would undoubtedly be reactivated.

The Neues Deutschland editorial said there was a contradiction between Chancellor Helmut Schmidt's remark that Bonn should take a moderate stance on Poland, and West Germany's support for countermeasures.

The newspaper said the Warsaw Government had neither "consulted nor informed" its allies "before introducing martial law." It also refuted the claim by the opposition Christian Democrats in West Germany that Herr Schmidt was duped during his talks with *President Honecker* on December 13. They claim that the East German leader knew in advance about the military measures planned in Warsaw.

The East German editorial widened Moscow's bitter attack over the weekend on the Italian Communist Party, which condemned the Polish military regime, by including the Spanish communists. It said that what was taking place in Poland was "basically none of their business" and that they had "stabbed the Polish Communist Party in the back."

Bonn buys 18.7% less oil

BY KEVIN DONE IN FRANKFURT

WEST GERMAN crude oil imports dropped by 18.7 per cent last year to 79.6m tonnes, the lowest level since 1967. Demand for oil has fallen as a result both of weak economic activity and success in energy conservation and substitution with other fuels, chiefly coal.

Rising prices, however, ensured that the bill for oil imports continued to ries to DM 49.3bn (£11.4bn), 10 per cent or DM 4.6bn above 1980. The average price per tonne of imported crude rose steeply to DM 619.49 (£143) last year compared with DM 456.39 (£105) the year before.

However, prices have fallen *considerably since the peak* of DM 659.45 (£152) in August. Helped by the Deutsche Mark's strengthening against the U.S. dollar and a general weakening of oil prices worldwide, West Germany paid only DM 612.32 (£141) per tonne for crude imports in December.

West Germany's main supplier last year was Saudi Arabia which sold Bonn 25.6m tonnes compared with 24.6m tonnes in 1980. Britain has established itself firmly as the second biggest supplier, however, with deliveries of 15.9 tonnes in 1981 compared with 14.6m tonnes a year earlier.

Other important suppliers are Libya, 10.4m tonnes (14.8m tonnes in 1980); Algeria, 5.8m (6.3m); Nigeria 5.2m (10.9m); United Arab Emirates, 3.6m (6.4m); and Norway 2.8m (3m).

The falling level of oil consumption — demand for oil products dropped by 11 per cent last year — and the steep fall in the amount of crude processed by domestic refineries has produced severe structural problems in the country's oil industry. Most leading companies are closing part of their refinery capacity and the industry is aiming to cut its total capacity of some 150m tonnes a year by 40m tonnes over the next 12 months.

Zia denies Pakistan is developing nuclear arms

BY DAVID HOUSEGO IN PARIS

THE PRESIDENT of Pakistan, General Zia ul Haq, flatly denied yesterday that Pakistan had the capability to develop nuclear weapons or intended to acquire it.

The statement follows reports from Washington at the weekend citing intelligence sources, that Pakistan would be able to detonate a nuclear device within three years, but would refrain from doing so in case this endangered U.S. economic and military aid.

The President insisted in Paris that "in no circumstances" would Pakistan produce a nuclear bomb. He added, however, that his country was acquiring nuclear technology for peaceful purposes.

Senior Pakistani officials make a distinction between *nuclear* weapons *production* and exploding a nuclear device as part of the country's development programme. Mr Ag-a Shahi, Pakistan's Foreign Minister, reiterated earlier this month that Pakistan retained the right to detonate a device and had given the U.S. no assurances on this score.

Speaking after talks with President Francois Mitterrand yesterday, the Pakistan leader also put down speculation that he would seek a renewal of nuclear co-operation with France. He said that nuclear issues had not come up in their discussions.

France rescinded an agreement to supply a nuclear reprocessing plant to Pakinstan in 1978 under pressure from the U.S. as a result of suspicions that the Pakistanis were attempting to develop a bomb.

Gen Zia spoke of the "understanding attitude" of M Mitterrand towards Pakistani concern about the Soviet occupation of Afghanistan. Pakistan officials privately contrasted this with the attitude of former French President Giscard d'Estaing, whose attempted initiatives over Afganistan embarrassed Pakistan's own diplomacy on the issue.

The Pakistani President's visit was mainly intended to establish personal links with M Mitterrand. Gen Zia said he had discussed arms purchases in general terms and would not challenge India's acquisition of new weapons. This was a reference to negotiations between France and India over a possible Indian purchase of the Mirage 2000 jet fighter. He added that Pakistan would certainly acquire what it needed for the country's security, though not in a manner that created *friction* in the region.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Xan Smiley assesses Warsaw attempts to restore industrial productivity

Exports to West struggle back to normal

AFTER A hiccough of about a month, many of Poland's key exports to the West appear to be running at the same level as before the imposition of martial law on December 13. Coal exports, traditionally the single biggest Polish hard currency earner, are reported to be increasing, but still fall far short of the 1980 figure.

It is too early, however, to assess whether the Government is running down stocks to earn urgently needed hard cash and convey an impression of normality, or whether productivity is genuinely improving.

But West German and Austrian importers of Polish coal do report a significant increase in supplies since the beginning of the year, and suggest that Polish stocks were not high enough to be sold to give a false impression of productivity. The Hamburg-based West German-Polish company, *Polkohle, which handles all* Polish coal sales to West Germany, is projecting an import of 1.4m tonnes this year, against 1m in 1981. But this rate of improvement is still grossly inadequate compared with 1980, when coal exports from Poland were double the 1981 level.

The Polish-Autsrian company Polkarbon, which handles all Polish coal sales to Austria, suffered a break in supplies between December 12 and January 10, but is now reporting an increase in supplies. The company's projections for February's imports are between 20 and 30 per cent higher than a year ago. The estimate for this year's imports is around 15 per cent up on last year.

About 90 per cent of Austria's industrial and household coal imports come from Poland, and a quarter of its brown coal for steel processing.

Polish radio and television have been widely publicising claims that coal production has shot up since martial law. A possible explanation for the relatively optimistic export figures is that Polish industry may have run down so drastically that there is a surplus of coal which would normally have been consumed domestically.

Unofficial reports of listlessness and demoralisation in industrial and mining concerns run counter to government assertions that the workers are working harder than before.

Total output of coal has *slumped disastrously in the past* few years, from 200m tonnes in 1979 (total exports 41m, of which 26m went to the West) down to 190m in 1980 (total exports 31m, of which 17m went to the West) down to an estimated 163m in 1981 (total exports 16m, of which 8m were delivered to the West).

On January 12, however, Warsaw radio announced that Polish miners were "regularly" extracting 620,000 tonnes a day, which would give an annual total of 193m tonnes. A large part of that hoped for increase would be due to the reimposition of the six-day week, contravening the August 1980 Gdansk agreement between Solidarity and the Government.

There have also been hints *that the West Germans and* Austrians, at present the only beneficiaries of increased Polish exports, are gaining better trade treatment as a reward for their cautious political approach to martial law.

There have been signs that the Polish Government may try to practise "selectivity" in its debt repayments to particular Western banks to break the creditors' hitherto solid ranks on the debt question. But most banking analysts reckon that Poland's foreign currency needs are so desperate that it does not have time to play such tactical games.

If deliveries of coal to West Germany and Austria appear to be returning to a better level than immediately before December 13, the export of copper to West Germany has been stickier. Poland earned more from copper exports to West Germany in 1980 and 1981 than from coal exports to the federal republic.

Kabelmetall, the copper-producing company based in Hanover which is 70 per cent owned by GHH, Europe's biggest mechanical engineering group, has received no copper *from Poland since the end of* November. Siemens, however, reports regular supplies since the New Year.

Most companies importing raw materials of all kinds report a break in supplies from December 13 until the end of the year, with the situation reverting to normal after that.

Overall, however, the production of major raw materials in *Poland is reckoned* to be down by 12 to 27 per cent for 1981. Even if Polish productivity accelerated sharply, the world recession would prevent the West from buying as much as the generals in Warsaw would like.

All the main Anglo-Polish companies importing Polish goods report that the flow of supplies is back to normal, although Ridpath BEK, the Anglo-Polish food import company, has ceased to import any meat.

Anglo Dal Ltd., which imports electronic and construction equipment, Daltrade Ltd., Polibur Engineering Ltd. and TI Polmach, all of which import industrial goods, say that imports from Poland have been arriving as normal since the New Year. ICI, the leading importer of Polish sulphur, is receiving shipments again as normal, after a three-week break.

It is too early, however, to deduce that productivity is returning to normality simply because transport is running reasonably well. It may be carrying stocks already in place before martial law was declared. *Even under relatively normal* circumstances, companies in West Europe buying Polish manufactured goods usually place orders two to three months before they expect to receive them.

The urgings of the Polish Government to the people to work hard are irrelevant when set against the need for spare parts and better planning. The demoralisation both of the workers and of the Party administration (now under threat of sweeping purges at the hands of the military) is paralysing the economic bureacracy.

Threats to use force to procure food and grain from the peasants, who have been withholding supplies because they are paid too little and can better acquire consumer goods for themselves by private barter, could still further set the people against the new Government. At the same time, the general's decision to go ahead with price rises of betwen 200 and 400 per cent for basic goods and services from February 1 will compound the danger of *outbreaks of unrest.*

Increases in average income of 27 per cent in 1981, although enough to be severely inflationary, do little to soften the impact on ordinary people of the sharp climb in the cost of living.

Whatever small shreds of encouragement General Jaruzelski's government can draw from recent export figures, he *remains trapped in a dilemma.*

If the economy is to recover properly, the Government needs the collaboration of the bulk of the Polish people to effect economic reform, but it is hard to see how the people will collaborate without the guidance of the Solidarity leaders. Yet if they are released and allowed to play a full legal part on the national stage, it is equally hard to see how they will recant their demands not just for economic reform but also for those political freedoms which the generals seem determined to crush.

Poland's Baltic shipyards, including Gdansk's Lenin yard, could come to a standstill within months because of a lack of imported raw materials, according to officials in Warsaw yesterday.

The resignation of Mr Klemens Gniech, the Lenin shipyard manager, reportedly over workers' sackings, suggests that labour unrest will continue to compound the yards' economic problems.

The main problem is a shortage of *specialised* steel which has already slowed production in Gdansk and Gdynia shipyards. The Lenin yard was using reserves with no prospect of replenishing stocks because they would have to be imported and there is no hard currency available.

The threat to the shipyards follows the admission by Mr Zbigniew Madej, a deputy premier in charge of economic planning, who announced over the weekend that this quarter's plan assumes an 8 to 10 per cent drop in industrial production compared with the same period last year.

Mubarak seeks technicians from Moscow

BY ANTHONY McDERMOTT IN CAIRO

EGYPT, as part of President Hosni Mubarak's policy of improving relations with the Soviet Union, has asked Moscow to send 66 technicians to help in economic co-operation.

The late President Anwar Sadat came close to a complete diplomatic break with Moscow last September when he expelled the Soviet Ambassador and six other diplomats and about 1,000 technical experts. The technicians were working on the Aswan high dam, the Helwan iron and steel complex near Cairo, the aluminium plant at Nag Hamadi in Upper Egypt, as well as a land reclamation project in the Nile delta and some cement and asbestos plants.

At the time much was made in the Press of the fact that these plants could manage well without Soviet assistance. But Foreign Ministry officials have admitted that managers at the industrial plants asked the Government to permit the Russian experts to return.

The Soviet embassy in Cairo now has two extra diplomats on its staff in keeping with the recently announced acceptance by Egypt of Moscow's request for the numbers to be increased.

Although the improvement in relations between the two countries seems to be moving fast, it is not at the expense of Cairo's close ties with the U.S. Egyptian foreign policy, after the dominating closeness with Washington of the Sadat era, is now aimed at supplementing that relationship with closer links with the non-aligned world, Africa and Europe, and in the longer term, with the rest of the Arabs.

It is expected that the 66 Soviet technicians will go to the three major projects: the high dam, the aluminium plant, and the iron and steel works.

Mr Maher Abaza, the Energy Minister, recently welcomed the participation of the Soviet Union, along with the U.S. and France, in redeveloping and modernising the Aswan high dam, which was built with Russian aid and according to Russian design in the 1960's.

According to Mr Abaza, the dam provides 65 per cent of Egypt's energy needs. Its redevelopment will take seven years, with the three countries sharing work on the six twin-turbine power stations and ancillary equipment.

It is expected that an Egyptian trade mission will shortly conclude a new agreement in Moscow to raise the level of trade by up to 20 per cent this year.

Russians seek to defer payments

THE Soviet Union has asked Japanese trading houses to let it defer for up to six months payments due for textile products, AP-DJ reports from Tokyo. Some of the Japanese companies have reacted coolly.

Officials of Marubeni, C. Itoh and other major trading houses said the request was made by a Soviet textile export-import office, to about 10 Japanese companies. The request is said to cover contracts valued at $150m (£80m). The daily newspaper, Manichi Shimbua, linked the request to a drop in Moscow's foreign - currency reserves resulting from grain purchases to compensate for the poor harvest in 1981 and an increase in financial aid to Poland.

The companies said the Soviet trading office gave no reason for its request. They added that they will probably reject it and pointed out that once before when a similar request was rebuffed, the Russians paid up.

Iranian arrests

A number of radical Mujahedin guerrillas have been arrested in Iran in connection with the escape to France last July of ex-President Abolhassan Bani-Sadr, Reuter reports, quoting the Islamic Republic News Agency.

Hojatoleslam Mohammad Reyshahri, chief of the armed forces revolutionary courts, was said to have disclosed that some guerrillas infiltrated the air force's Base Number One and helped Mr Bani-Sadr

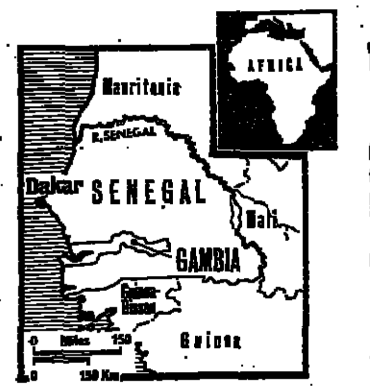
Cairo-Tripoli move

Restoration of diplomatic relations between Egypt and Libya is imminent following top-level contacts between the two countries, AP-DJ reports from Kuwait. A senior Egyptian official is said to have hinted that contacts for the normalisation of relations have been undertaken by Muhammed Hassanein Heikal, former editor of Al-Ahram.

Libya is said to be taking "all necessary steps" for withdrawal of its forces from Chad and the Sudanese-Libyan frontier as one of the conditions stipulated by Egypt. Tripoli is also reported to have agreed to stop mass media propaganda against Cairo.

Mark Webster examines why two African states are to merge

Gambians fear loss of identity



WINSTON CHURCHILL was once flying over the tiny west African state of the Gambia when he looked down on the capital, then called Bathurst, and is said to have remarked acidly: "If that is colonialism—I am against it."

His words have a bitter ring of truth in the ramshackle, dilapidated city renamed Banjul since independence in 1965. The Gambians feel that everyone is against their country's continued independence. Their parliament has just ratified an agreement, which most observers believe heralds the country's eventual absorption by the much larger Senegal which surrounds it.

The agreement created a confederation between Senegal and the Gambia for the formation of an economic and monetary union, the integration of the armed forces and a common front on foreign policy. At the same time, it emphasises that both countries will maintain their own parliaments and retain their independence as sovereign states.

Many people in the Gambia and Senegal believe the accord is only the first step towards a federation which Senegal, with ten times the population and 15 times the land area, will control.

What makes such a fusion even more likely is that the Gambia's friends, especially Britain, as the former colonial power, are breathing a sigh of relief that Senegal is prepared to assume responsibility for what they see as a burdensome colonial aberration.

Nevertheless, it remains to be seen how the confederation will work in practice, how long it will take to put in place and whether the Gambians are prepared to accept it. It is also unclear how Senegal, itself in serious economic difficulties, can afford to take on the additional financial burden of a declining Gambia.

The Gambia is a by-product of 19th-century colonial rivalries, when Britain seized 200 miles of the Gambia river running through the heart of French occupied territory. Although the two former colonies have much in common, they have developed separate French and British administrative systems, which will be hard to integrate.

More importantly, the Gambians have developed a sense of national pride — at least in the urban areas. There are already strong signs of dissent between Banjul and Dakar about what the agreement means and how quickly it should be implemented.

"If Senegal tries to push things through too fast it will undoubtedly create resentment in the Gambia. It remains to be seen how sensitive they will be to the Gambians' pride," said a diplomat in Banjul.

The problems stem from the almost indecent hast with which the agreement was drawn up following the abortive attempt to topple Sir Dawda Jawara, the Gambia's President, while he was attending the Royal Wedding in London last July. Sir Dawda, a Glasgow trained vet, was only returned to power with the help of Senegalese troops who defeated Gambian rebels.

Since the coup, Sir Dawda is said to be no longer the ebullient out-going main who has led his country since independence. Observers conclude that the Senegalese obliged him to agree to a confederation before they would intervene on his behalf. Officials in both countries refuse any comment.

Whatever the circumstances in which Sir Dawda agreed to the union, his continued survival depends on the Senegalese. Several hundred Senegalese troops and gendarmes are expected to remain in the Gambia even though here is increasing resentment about their presence.

Because they guarantee Sir Dawda's own security, he has little choice but to force through some of the more unpopular measures contained in the agreement.

Above all, the Gambians resent the fact that an economic and monetary union will put an end to the lucrative "transit trade" of goods which are imported cheaply into the Gambia and then smuggled to neighbouring countries. Although it has made individual Gambian traders wealthy, it is also vital to the Government, since nearly two - thirds of government revenues come from import duties. When the transit trade ends, the Gambia will import less, and the Government's income from import duties will shrink.

This year's groundnut crop—the Gambia's staple commodity, which has provided 85 per cent of its domestic exports in recent years—is expected to be better than it was in 1981, the worst harvest in three decades. However, it will take the Gambia some time to recover from a continuing decline in gross domestic product while the population carries on growing.

The declining groundnut crop has pushed the balance of payments stubbornly into deficit. The trade deficit reached a record high in 1980-81 of delasis 225.4m (£56.3m) and foreign exchange reserves barely cover one month's imports.

General confusion over the future of the confederation has deterred the International Monetary Fund from sanctioning a vital three-year extended fund facility for the Gambia, which was on the point of agreement. Aid donors, who provide a substantial part of the investment budget, are also wary of the impact of the federation.

Although the Gambia has fought to maintain its independence for the past 16 years, many people believe that Sir Dawda has given up the unequal struggle and is now preparing for the complete merger of his country with Senegal before his own retirement.

A banker in Senegal summed it up: "The two countries share a common language in Wolof and a common religion in Islam. They have constantly intermarried and they regularly trade across the borders. Frankly, the only difference is their colonial heritage and that will gradually become less noticeable. The disappearance of the Gambia is an historical inevitability." Winston Churchill would probably have echoed his words.

Bonn talks on Namibia issue

BONN — The Western contact group on Namibia met in the West German capital yesterday at the start of two days of talks about the future of the South African-administered territory.

The heads of the African departments in the U.S., Canadian, British, French and West German Foreign Ministries are understood to be discussing reactions to their latest proposals for a future Namibian constitution.

Replies from the South West African People's Organisation (Swapo) and from African front-line states have been received. A spokesman for the South African embassy in Bonn said his Prime Minister, Mr Pieter Botha, would be making a statement in connection with the proposals later this week.

The East Germany news agency, reporting from Lusaka, said: "The proposals try to maintain Pretoria's and the West's economic interests in the mineral wealth of Namibia." It quoted Tanzania's Foreign Minister, Mr Salim Achmed Salim, as saying after a meeting in the Zambian capital that the front-line states "unanimously supported attempts by South-African occupied Namibia to reach independence quickly.

AP

Eritreans claim successes

KHARTOUM—Eritrean guerrillas said yesterday they had attacked Ethiopian troops in the provincial capital, Asmara, to disrupt preparations for a big offensive against them.

They said they shelled Asmara airport on Friday, setting fire to several Soviet-supplied MiGs and helicopters, attacked a divisional barracks near the airfield and briefly occupied two villages.

At a Press conference in the Sudanese capital, Khartoum, the Eritrean People's Liberation Front said 2,600 men had taken part in the attack which lasted about eight hours.

Mr Ramadan Mohammed Nur, secretary-general of the EPLF, said the guerrillas expected an Ethiopian offensive to be launched soon, possibly within a week. Four Soviet generals had arrived in Asmara to help plan the operation

Reuter

Gulf Defence Ministers seek to align policies

BY JAMES DORSEY IN KUWAIT AND PATRICK COCKBURN IN LONDON

DEFENCE Ministers from the six-member Gulf Co-operation Council started two days of talks in Riyadh yesterday to co-ordinate defence policy in the region. The meeting has been given greater urgency by the discovery of a conspiracy (by Iran-backed religious fundamentalists) against the Government in Bahrain.

Two Saudi newspapers pointed Tehran yesterday as a major threat to the security of the Gulf, but Prince Sultan bin Abdul Aziz, the Saudi Defence Minister, denied that defence co-ordination was directed against any country in particular.

The Gulf Co-operation Council, consisting of Saudi Arabia, Kuwait, Oman, Qatar, Bahrain and the United Arab Emirates, has also been worried by recent military successes by the Iranian army

The meeting which ends today is discussing a Gulf security pact, a joint air defence system and integration of weapons systems. Prince Sultan, however, appeared to reject arms standardisation because it would make Gulf countries dependent on a single source of weapons.

Mr Ali Akhban Velayati, the Iranian Foreign Minister, gave a strong warning to the council's member states last week. He said they should remember that "Iran is the greatest and most powerful country in the region.

PLO denounces report of split

THE PALESTINE Liberation Organisation has dismissed as unfounded allegations of divisions in its ranks, Ihsan Hijazi reports from Beirut. The organisation said yesterday that a planned reshuffle of its diplomatic corps abroad did not carry any political implications. It was a routine matter.

The PLO denial came after Press reports of an alleged conflict between the head of the political department, Mr Farouk Kaddoumi, and Mr Yasser Arafat, the PLO's chairman.

Syrians accuse Amman

BY LOUIS FARES IN DAMASCUS

FURTHER deterioration occurred yesterday in relations between Syria and Jordan when the Government in Damascus accused the Jordanian intelligence service of planting a bomb in Amman, the Jordanian capital, and blaming the explosion on a Syrian diplomat.

Syria said last week that two members of a military patrol had been killed on the border with Jordan and that the infiltrators who made the attack received covering fire from Jordanian army units.

Our foreign staff adds: Relations between Jordan and Syria have been bad since the end of 1980

The tension between Syria and Jordan is blamed for the delay to the start of the Arab Foreign Ministers meeting in Tunis at the weekend. The ministers were due to discuss their reaction to Israel's annexation of the Golan Heights, but the talks have now been postponed until next month.

AMERICAN NEWS

Stormy session ahead for Reagan

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE 97th U.S. Congress reconvened in Washington yesterday for what is certain to be a stormy session in which President Ronald Reagan's political skills will again be put to severe test.

Not only will the President have to fight a stiff uphill battle to achieve new, and increasingly painful budget cuts, but decisions on divisive and emotional social issues—such as abortion and school bussing—put off during the last session, can now no longer be postponed.

Overshadowing the session will be the November mid-term elections in which all 435 members of the House of Representatives and 33 of the 100 Senators face re-election.

Democratic leaders, disheartened by Mr Reagan's Congressional triumphs last year with his tax and budget-cutting programme, hope that the approach of the elections will help to restore traditional party lines and fracture the coalition of Republicans and Right-wing Democrats on which those triumphs were based.

On the other hand, the Democrats face the dilemma of how far to obstruct the economic policies of a President who is still widely popular, prompting the possibility that he might "run against Congress" in his campaign for more Republican seats in November.

The Republicans, too, have their problems. They are divided on the need for new tax increases to help narrow the yawning budgetary deficits looming ahead—an issue on which Mr Reagan is expected to pronounce late tonight in his first State of the Union message.

They will also be subject to considerable strains on the social issues, on which the "new Right" is determined to have its way but is often divided as to the means.

There will be a painful debate in the Senate, beginning in early February, on the future of Democratic Senator Harrison Williams of New Jersey, convicted in the so-called "Abscam" bribery scandal, whose expulsion has been recommended by the Ethics Committee.

Unlike the autumn, when the vote on airborne warning and control systems (Awacs) aircraft sales to Saudi Arabia provided a major foreign policy issue for Mr Reagan in Congress, the focus in the coming weeks is likely to be on domestic issues.

In Congressional terms the next two or three months are likely to be "tumultuous," Mr Howard Baker, the Senate Republican leader, predicted at the weekend. Having worked for the postponement of the "emotional" issues in the last session, while Mr Reagan's economic programme was being pushed through, he would now urge an early start on them, he said.

Victor Mackie writes from Ottawa: The depressed Canadian economy dominated proceedings as Parliament reconvened yesterday after its lengthy Christmas break.

With the Canadian constitution about to be repatriated from Britain, this winter promised to be Premier Pierre Trudeau's season of triumph.

Instead, angry Conservatives and New Democrats tore into Mr Trudeau and his ministers at the opening session for the failure of Government economic policies to hold down inflation while throwing more than 1m out of work.

Chrysler may sell defence subsidiary

By Our New York Correspondent

CHRYSLER, the U.S. motor company which is again experiencing a cash crisis, appears to be moving closer towards the sale of its profitable defence subsidiary.

The company has held talks with three companies—General Dynamics, Teledyne and LTV. But LTV, in the first official comment on the talks, said it had now formally dropped out.

The subsidiary makes both the M-60 and M-1 tank for the U.S. army, and is thought to be worth a reliable $60m (£32m) a year in pre-tax profits to its parent.

Chrysler has said it will, if necessary, sell one of its non-core businesses in order to stay afloat through the latest drop in car demand.

Opinions vary widely on what the defence company is worth. The most frequently quoted estimate is $300m. Chrysler is expected to report shortly a loss of about $700m for 1981.

Rubber workers outline demands

BY IAN HARGREAVES IN NEW YORK

WORKERS IN the U.S. rubber industry have outlined a tough set of bargaining demands for their forthcoming contract talks and say there is no chance of them following the United Autoworkers Union into contract concessions with the major tyre companies.

Leaders of the United Rubber Workers' Union said in the first statement on their bargaining stance that they would seek to preserve the cost-of-living indexed formula on which their pay is based. They would also demand an overall improvement in the lump sum portion of their contracts.

In the talks, due to start in March, the union will also push for better terms on job security and severance pay when its members are forced to retire early or are laid off. Since the last contract talks in 1979, about 20,000 of the union's 55,000 members have lost their jobs.

Mr Mike Stone, the new president of the union, said that in spite of the shake-out in the industry—caused by the motor slump and the fact that U.S. tyre makers were slow to spot the switch in market preference from cross-ply to radial tyres—the tyre companies, unlike the motor companies, were still making money.

In the past, the union has in specific cases—such as that of Uniroyal—agreed to contract concessions. But it has refused to make any general allowances in an industry dominated by Goodyear, which remains a financially strong operation.

Nor has the union shown any interest in moderating its stance, as some feel it might have, to try to soften the anti-union resistance of Michelin, the large French tyre company which has become a major force.

The union's position on its contract may also make it harder in the near future for the rubber workers to merge with the UAW, as has been proposed.

'Site emergency' at U.S. N-plant

NEW YORK—a "site emergency" was declared yesterday at the Ginna nuclear power plant in Ontario, New York, after a steam tube ruptured in a primary cooling system, releasing radioactive steam into the atmosphere.

The plant, about 18 miles from Rochester, was shut down, said Mr Gary Sanborn of the Nuclear Regulatory Commission (NRC). It is a pressurised water reactor.

There was "no danger to the public at this time," according to the operator of the plant, the Rochester Gas and Electric Company.

A "site emergency" declaration is the second highest in NRC classifications. The most serious is a general emergency.

"There are indications of a leak from the primary system to a secondary system in a steam generator tube," said a commission official.

The official said the commission had opened a centre at a Pennsylvania regional office to monitor events and provide a central location for information.

About 45,000 people live within 10 miles of the plant.

AP

William Chislett reports on a test of political reform in Juchitan

Mexican Left flexes muscles

THE DUSTY, Communist-run town of Juchitan in Mexico's strategically located isthmus of Tehuantepec has become a test case of the Government's intentions to liberalise the political system dominated for the past 53 years by the Institutional Revolutionary Party (PRI).

Juchitan (pop. 100,000), which is on the Pacific coast end of the new land and rail bridge linking the Gulf of Mexico with the Pacific, is Mexico's first left-wing controlled town. Next July, the Left will be allowed to compete in Mexico's presidential and general elections for the first time.

Juchitan is also the only town controlled by Communists on the American mainland. Ever since an indigenous group of peasants, students and workers known as Cocei swept the PRI out of Juchitan's town hall last year in an alliance with the then Mexican Communist Party, Juchitan, the second largest town in the rural state of Oaxaca, has been under attack from state authorities and local right-wing interest groups.

Two attempts have been made on the life of Sr Leopoldo de Gyves, Juchitan's mayor, and a member of the new town council was recently tortured and murdered.

The state authorities have also held up funds to which the town is entitled and have tried to carry out an audit on Juchitan's books in what Sr de Gyves calls a "politically motivated attempt to discredit us."

An audit was never carried out while the PRI ruled the town. To judge by the facts that Juchitan has only six paved streets and three tiny health centres, it is questionable what PRI mayors did with the town's budget. Sr de Gyves claims that his PRI predecessors used the funds to feather their own nests.

Although Juchitan has 1,000 bars, more than half the homes, many shacks, are without running water and drainage. Eighty per cent of the largely Zapotec Indian population are illiterate. Mangy dogs feed off piles of rubbish in the streets and drunks lie under palm trees in the main square.

Juchitan shot to national prominence when the recently formed United Socialist Party of Mexico (PSUM) — a fragmented left-wing alliance formed around the disbanded Communist Party—rushed to defend the town for the next elections.

This month in Juchitan, the PSUM held its largest election rally, attended by 10,000 people, who gave a rapturous welcome to Sr Arnoldo Martinez Verdugo, the PSUM's presidential candidate.

The atmosphere was markedly spontaneous, compared with the PRI's artificial meetings which peasants were sometimes coerced to attend or encouraged to go by food gifts.

A giant flag bearing the hammer and sickle covered the town hall and hundreds of tiny red plastic flags were strung across the main square.

Barefoot Indian women, wearing traditional multi-coloured skirts and ribbons in their pleated hair, were the most vociferous in shouting anti-government slogans during a march through the streets leading up to to the rally.

The mood of the speeches, many given in Zapotec as well as Spanish, was defiant. The leader of Cocei, which grew eight years ago out of disputes between peasants and landowners, warned that if the Government closed the door of political reform and allowed Juchitan to be undermined, then "we know how to defend ourselves."

The blood of Cocei members killed by local employers had not been given in vain. The electoral victory would be defended "to the last man," he said.

Sr Martinez Verdugo said that it was not enough to win victories. People must also know how to defend them and the Left was committed to Juchitan.

Meanwhile, Cocei has organised itself into small neighbourhood committees. Faced with the lack of funds to improve public amenities, it is carrying out voluntary work, including a literacy programme and a scheme to pave the streets.

In spite of tremendous social problems, such as those experienced in Juchitan and many other run-down towns like it, Mexico has been remarkably stable for the past 50 years. But peace has been achieved under a "one party democracy," with the PRI, through its peasant, middle- and trade union sectors, controlling most walks of life.

The Government's decision to open the next elections to the Left is an attempt to steer dissent through an institutional framework and avoid the political violence which plagues most of the rest of Latin America.

The liberalisation is taking place—on purpose—at the same time as Mexico embarks on a delicate period of high economic expansion, when expectations are being raised by the country's massive oil wealth.

It is at grass roots level, like Juchitan, where the political reform is most keenly felt.

The leader of the Communist-run trade union for universities, the PSUM's foothold in the otherwise PRI-dominated union movement, said the Left would fail in Mexico if it could not "create many Juchitans." Whether it can or not will depend on whether Juchitan is allowed to survive.

WORLD TRADE NEWS

Mexico to maintain sales of gold coins

By David Marsh

MEXICO, ONE of the world's top gold coin producers, aims this year at least to equal the total of 1.3m ounces of coins it sold on international markets in 1981, according to the country's central bank.

Sr Carlos Ruiz Sacristan, manager in charge of gold coin trading at the Banco de Mexico, said in London yesterday that 1981 sales had roughly doubled from the 565,000 figure of the previous year, despite the depressed bullion market.

Mexico, in line with other countries cashing in on coin demand, has started an advertising campaign in the U.S. and Europe.

Selling would start directly to Tokyo in the first quarter of this year, Sr Ruiz said.

Along with the UK, Mexico is jockeying to become the world's second biggest gold coin producer after South Africa. The British sovereign, marketed discreetly by the Bank of England without any sales promotion, has for years been the world's most popular coin after the South African Krugerrand. But it is now coming under starong competition from the nine different gold coins produced by Mexico.

Mexico uses its own gold production for the minting of about half its coins, and buys the bullion needed for the rest through international banks and brokers. Sometimes it acts through the Bank for International Settlements.

About 45 per cent of its coins are sold through the Swiss Bank Corporation in Zurich. The rest are sold through New York and Mexico City. Sr Ruiz, who is also visiting Luxembourg, Frankfurt, Zurich and Geneva on a promotional tour, said he was investigating the idea of selling coins directly through London.

Mexico, the world's biggest producer of silver, also intends to produce a one ounce silver coin for export in the first quarter this year.

The central bank keeps about 4 per cent of its reserves in silver and 21 per cent in gold. The country's gold reserves are stored in Canada, New York, Switzerland and Mexico itself.

Consortium takes over Jari complex

RIO DE JANEIRO—The Amazon dream of Mr Daniel K. Ludwig, the U.S. shipping magnate, formally came to an end yesterday when a consortium of Brazilian banks, insurance companies and industrial conglomerates took over his vast but ill-fated Jari jungle agriculture and minerals project.

A document filed yesterday with the Rio de Janeiro State Corporate Registry legally transferred the title of Mr Ludwig's 1.6m hectare forestry, cellulose, ceramic clay, farming and ranching complex in northern Brazil to a group of 23 Brazilian companies.

The Brazilian companies have put up a total of $100m (£53m) in starting capital aided by an additional $180m in non-voting capital pledged by Banco do Brasil, the Government-controlled commercial bank. The consortium says it can guarantee payment of the Jari project's $340m current debt and also fund out-of-pocket operating costs of the project for three years.

AP

Chile bars exiles from funeral

CHILE'S military Government has prevented four exiled Christian Democrats from entering the country to attend funeral services for former President Eduardo Frei, Mary Helen Spooner reports from Santiago.

Japan to step up imports from U.S. and EEC

TOKYO—The Japanese Government yesterday gave assurances that it would take steps to increase imports from the U.S. and the EEC.

Mr Zenko Suzuki, Prime Minister, and Mr Yoshio Sakurauchi (Foreign Minister), both said such action was needed to head off growing protectionist sentiments in countries with huge trade deficits with Japan.

"In addition to their advancing inflation, economic stagnation and growing unemployment, the countries of Europe and the U.S. continue to bear numerous difficulties such as balance of payments disequilibrium," Mr Suzuki said at the opening of a new Parliamentary session.

"There are fears that the sluggish growth of the world economy and increasing trade friction may endanger the future of free trade."

Japan has already come under pressure from its trading partners to increase imports. The Government is expected to announce a series of measures this week to lower the non-tariff barriers which restrict imports.

Mr Suzuki said it was Japan's responsibility to check emerging protectionism. "To this end I intend to actively seek furthering opening of our markets," he said.

Mr Sakurauchi told Parliament that the trade issue had made Japan's external relations increasingly difficult.

Economic and trade friction between Japan and its trading partners in the U.S. and Western Europe had become a major issue, he added.

U.S. diplomats in Tokyo have estimated Japan will have a record trade surplus of $20bn (£10.5bn) with the U.S. this year. They put its surplus with the EEC at $15bn.

The Japanese pledge to open its markets to coincide with the start of five days of trade talks between delegations headed by Sir Roy Denman, EEC Commissioner for external relations, and Mr Nobuo Matsunaga, Japan's deputy minister for Foreign Affairs.

Reuter.

Trade with Japan, Page 19

Move to increase Indian exports

BY K. K. SHARMA IN NEW DELHI

EFFORTS are to be made to increase Indian exports to Europe in a bid to reduce the large deficit with the EEC.

This was decided at the first meeting of the recently-formed Indo-EEC joint commission at the weekend.

Mr Wilhelm Haferkamp, who led the EEC delegation, said after the meeting that a working group had been formed and would meet in New Delhi next March to discuss problems facing certain commodities.

Mr Haferkamp and Mr Shivraj Patil, India's Minister of Commerce signed an agreement on establishing an EEC office in New Delhi towards the end of this year, which would help businessmen to obtain information about the EEC.

During teh joint commission, the Indian delegation stressed the point that the deficit with the EEC had increased from Rs 1.07bn (£64m) in fiscal 1977 to Rs 12.7bn in fiscal 1980 and was likely to have been higher in 1981.

Indian exports were falling while imports from the EEC soared following India's import liberalisation policy introduced in 1978.

According to Mr Haferkamp, there was no protectionism in Europe and quota restrictions were limited to textiles and shoes. The multi-fibre arrangement on textiles had just bee[n] signed and bilateral tal[ks] between European countries an[d] India would be held on quot[as] for various textile products.

Mr Haferkamp said that ma[ny] way that India's exports to th[e] EEC could be increase w[as] for Indian businessmen [to] explore the market. The joi[nt] commission has decided [t]o and India where businessme[n] organise seminars in Euro[pe] could meet to discuss problem[s].

Among other matte[rs] discussed were market develo[p]ment, co-operation in joi[nt] ventures in third countries, f[low] of investment to India an[d] co-operation in science an[d] technology, especially energy.

Trade officials deadlocked on credit guarantee fund

GENEVA—Trade finance officials from 64 nations have failed to agree on details of an Export Credit Guarantee Fund proposed by the UN to enhance the competitiveness of exporters in developing countries.

According to trade officials, Western nations prevented substantial progress in the two weeks of talks by re-opening the question of the fund's viability, to the chagrin of developing nations which had believed the matter to have been settled previously.

The fund, with projected capital needs of up to $800m (£421m) was suggested by the UN Conference on Trade and Development (Unctad) to enhance the credit-granting ability of exporters in developing nations.

The terms offered by such exporters are not always competitive with those granted by exporters in industrial countries with more sophisticated markets and banking systems.

A number of possible elements of an Export Credit Guarantee Fund were identified, according to an Unctad official—Agencies.

Brij Khiduaria in Geneva adds: Developing countries are keen to get such a facility. They say international banks usually refuse to rediscount credit notes of longer than 12 months in trade within the Third World because Third World debtors are seem as bad risks.

Some banks agree to the rediscount, but charge a rate as much as 3 per cent higher than that on notes issued by debtors in industrialised nations.

The inability to easily rediscount credit notes is seen as a break on trade in capital goods in the Third World. Under Unctad's suggestions the new facility would guarantee the export credits, thereby allowing banks to rediscount loans at better terms.

Talks may resume in October when an Unctad trade financing committee meets in Geneva.

Canadian newsprint sales expected to decline

BY ANDREW FISHER

CANADIAN newsprint sales are expected to decline by as much as 7 per cent this year, mainly because of a sharp reduction in U.S. demand, the Canadian Pulp and Paper Association said.

Canada, the world's largest newsprint producer, sells about 70 per cent of its output to the U.S. where this year's total demand is likely to show a 6 per cent drop, the association said.

Last year, Canadian newsprint deliveries rose from 8.6m tonnes to 8.8m, but this year's level is forecast to be only 8.2m tonnes.

Total sales of Canadian pulp and paper products in 1982 are expected to fall by about 1 per cent to 20m tonnes, with exports down by 2 per cent to 15.5m.

In the U.S., actual newsprint consumption is expected to drop only slightly, but demand will be hit by a reduction in stocks and higher sales by U.S. newsprint producers.

With the volume of advertising falling in the U.S., publishers there are seen likely to decrease newsprint stocks.

In the last two years, these rose by 500,000 tonnes to cover more than 50 days supply against 40 days normally.

Canada's other major forest product export, wood pulp, is likely to show growth of some 4 per cent in deliveries to 6.8m tonnes, the major buyers being in the U.S., Western Europe and Japan.

As newsprint shipments decline, plant capacity utilisation in Canada will probably fall from 94 per cent in 1981 to 82 per cent this year, the association said.

UK concern wins orders worth £3m

By Our World Trade Staff

CONEYGRE Foundries o[f] Tipton has won £3m in order[s] from several North America[n] customers.

The West Midlands com[pany], part of the Birmi[ngham] Qualcast Foundries grou[p] said the largest part of it[s] contract, worth £2.5m, is to g[o] to a Kansas-based manu[facturer] of oil pumps. Th[e] order involves the gearbo[x] gears and crank arms for [a] range of pumps known in th[e] U.S. as "nodding donkeys."

An order from Canada [is] for the supply of fr[...] cylinder heads to th[e] Bombardier Company o[f] Montreal. The order wa[s] won against Japanese, Wes[t] German, French and Canadian competition.

● International Computer[s] Limited (ICL) has won a[n] order worth £1.8m from France's Credit Agricole bank[ing] institution, which call[s] for the supply of computer systems to the banking chain's branch offices in norther[n] France.

The order was placed by L[a] Caisse Regionale de Credi[t] Agricole du Nord for 470 o[f] ICL's new series of multi microprocessor-based distri[buted] processing systems.

●County Tractors of Flee[t] Hampshire, reports £1.5m i[n] export orders to supply the[ir] agricultural tractors to seve[n] Central African and F[ar] Eastern client nations.

●AGB Research Limited o[f] the UK has been awarded [a] £1m contract to set up a fully integrated television audienc[e] measurement system for RAI the Italian state televisio[n] authority. The contract call[s] for the installation of 1,80[0] electronic meters throughou[t] Italy and for the compute[r] hardware, software ancillar[y] equipment and services [to] produce accurate audienc[e] figures.

● Pye TV has won [a] £750,000 order from th[e] Finnish National Broadcastin[g] Company, YLE Oy Yleisradi[o] AB for television transmitter[s]. This is the first transmitte[r] order placed by the Finnis[h] company with the Cambridge based Pye.

Andrew Young sees Atlanta as 'the gateway to the U.S. supermarket'

BY JEREMY STONE, RECENTLY IN ATLANTA

THE TWO things for which Atlanta is best known at present—apart from being the setting for "Gone With the Wind" and a peculiarly gruesome series of child-murders—are its airport and its newly-inaugurated mayor.

The airport is, indeed, all that most people see of Atlanta, since about three-quarters of its passengers are merely changing aircraft on the way somewhere else. (There is an old saying to the effect that it does not matter where you go when you die; you must still change aircraft at Atlanta.)

It is on the strength of this position as the communications hub of America's "sun belt" states of the south and south-west that Atlanta has quadrupled in size since 1960, attracting representation of over 400 of the "Fortune 500" businesses—and well over 100 British companies—into an area which once had little industry apart from cotton and Coca-Cola, whose world headquarters are there.

The new mayor is Mr Andrew Young, who first became known through his association with Martin Luther King in the civil rights movement, reaching international prominence as then-President Jimmy Carter's ambassador to the UN. Fame of a kind was assured when President Carter dismissed him for holding—and then concealing—personal talks with the Palestine Liberation Organisation.

Mr Young's election as mayor last October came at the end of a tough campaign which, in its later stages, had become unpleasantly polarised on racial lines.

Tensions seem to have eased since then, particularly now that someone is standing trial for the murders. Although law enforcement issues remain in the foreground of the mayor's programme, he also means to play an active part as a kind of trade representative to help in developing the economy—not just of greater Atlanta but of the south-east region generally. His way of doing this adds an international dimension, and a surprisingly interventionist flavour, to municipal government.

"Our biggest weakness is exporting. I've always felt that the U.S. penalised its exporters, especially when it comes to export finance," Mayor Young said in a recent interview.

"In some things this doesn't matter too much, In agriculture we're just better than anybody. We raise chickens, and you can sell chickens literally by the hundreds of millions of dollars."

In other cases, said Mr Young "things are not as hard as they sound." Putting together export packages, for instance. "In this city you don't have to do it. You just get people together."

For Andrew Young, this business of "getting people together" works on an international scale. When he was awakened by a 3 am telephone call from someone in Gabon wanting to buy diesel locomotives in a hurry, a couple of mayoral phone calls were all it took for Atlanta to take credit for an $80m sale.

His inauguration as mayor had many things in common with a coronation, such is his renown. Delegations from Third World countries were very much in evidence. A shared education in the "black colleges" of Atlanta has forged personal links between leading members of the city's black community and the governing élites in most African countries.

The inauguration seems also to have served as a high-class trade promotion. The Liberians went shopping for a new telephone system, and Mr Young was also able to put them in touch with a leading maker of black hair-care products. Nigeria produced no fewer than 40 representatives; not just for fun, or simply to show respect.

"It is not impossible for Atlanta to do $1bn of trade with Nigeria annually. Because Nigeria is a major oil supplier, the U.S. has a $9bn trade deficit, and Nigeria now wants to purchase about $15bn each year in the U.S.

"Rapid development is essential to them, and major American involvement can help this in a non-colonialist way." Competition would ensure that this trade did not become tainted with exploitation.

How was Atlanta's $1bn to be put together? Partly from large turnkey projects such as a satellite-centred telephone system for Lagos. The present system, which uses cables, has long been considered a disaster; Atlanta, with its technological infrastructure, is bidding for the contract to replace it.

Mayor Young is clearly determined to exploit every contact he made during his tempestuous period at the UN. But his plans are much more ambitious than that. "It is the role of the city government to be aggressive about international trade," he said.

For instance, Mr Young wants to export Atlanta's sparkling new metro system, known as MARTA. Anti-trust law would inhibit a group of private contractors from coming together to package MARTA for export, which would be very frustrating since foreign cities have been trying to buy the system.

The city government can get this sort of deal off the ground, Mayor Young believes, by setting up its own agency to handle turnkey projects on behalf of local contracting groups.

Perhaps surprisingly, there are limits to what Mayor Young will take on. A Japanese proposal that he should help set up an Afro-American-Japanese chamber of commerce fell on deaf ears.

"All they wanted was fishing rights off the African coast." And that would not have done much for the mayor's campaign to make Atlanta "Africa's gateway to the American supermarket."

Mayor Andrew Young: Georgia on his mind

more

You don't need special grants to make your business succeed in Peterborough. Instead you get something much more valuable—that rare combination of benefits called the Peterborough Effect. It's helped almost every company that has moved here to improve output, exports and profits.

better

A better quality of life awaits you and your staff in Peterborough. Better homes, better amenities, better surroundings, and a better choice of recreations. And that creates a better environment for businesses to be more efficient and to grow.

faster

Peterborough, Britain's fastest-growing city, is a unique combination of cathedral city and new town. It's also the place where new companies have been growing at 15 per cent a year when the national trend has been job loss. It has everything you need to help your business grow.

closer

Peterborough is 50 minutes from London by train. And it has the best road system of any British city, so people have faster and safer journeys. In this spaciously laid out and generously landscaped city everything is so much closer.

Living and working in Peterborough will be good for your business—and for you.

Ask John Case for details.
Phone Peterborough
(0733) 68931.

that's the Peterborough Effect

BNOC set to embark on Clyde Field development

BY RAY DAFTER, ENERGY EDITOR

THE British National Oil Corporation, which yesterday announced the successful drilling of a North Sea appraisal well, is about to embark on the £900m-£1bn development of its offshore Clyde Field.

Within the next few days the corporation will present its partners, Shell and Esso, with development plans for Clyde, 200 miles east of Dundee, Scotland. BNOC, which has a 51 per cent stake in the field, hopes to submit a formal development applicaion to the Department of Energy in the summer.

Under the proposals drawn up by BNOC, the field's operator, Clyde would be brought on stream late in 1987 and should reach peak production early in 1988.

The corporation had originally planned to start production in 1985, but the Government ordered it to postpone the development for two years. The delay decision is thought to have been influenced by the Government's policy for regulating North Sea production — through various depletion measures — and by the Treasury's anxiety to restrict the state corporation's spending in the early 1980s.

The Clyde Field, discovered in 1978, is believed to contain between 120m and 150m barrels of oil. The maximum average rate of production is likely to be about 50,000 barrels a day.

The field is expected to be exploited by means of afi xed steel production platform. The structure will probably be towed from the construction yard in 1986, two years after the award of the fabrication contract.

BNOC has been looking at several ways of landing the oil. It may be carried ashore through the Ekofisk pipeline which runs from the Norwegian sector of the North Sea to Teesside. Alternatively, the corporation may decide to load the oil into tankers through an offshore loading system.

BNOC yesterday announced that its latest well, north-east of the Thistle Field in block 211/18a, had been suspended after oil was found in the Middle Jurassic geological formation.

The well was drilled on an unnamed oilfield destined to be developed by BNOC after Clyde. The well has been temporarily plugged to be used for production purposes later. BNOC said that it was drilling another well on a "related feature" about 3km to the south-west.

BNOC is drilling the wells to evaluate a highly faulted reservoir which has been called unofficially the North East Halibut prospect and the Caber Field. Partners in this operation are BNOC, Santa Fe Minerals, Deminex UK, Tricentrol, and Charterhouse Petroleum.

● The average price of oil production by the Organisation of Petroleum Exporting Countries has fallen by almost $1 a barrel during the past year, according to an analysis by the Petroleum Intelligence Weekly newsletter. The average price is calculated to be $33.85—almost $4 a barrel less in real terms than the price early last year. Prices have been falling as a result of the worldwide glut of oil.

British Telecom in joint venture

By Jason Crisp

British Telecom has set up its first joint venture company with a group of organisations from the private sector. The new company is to help to spin off high technology companies from British Telecom's research establishment at Martlesham, Suffolk.

Joint Venture companies are permitted under the British Telecommunications Act of last year. The Government has encouraged establishment of joint ventures as a way of injecting private capital into telecommunications investment.

The new company, Martlesham Enterprises, is minute in comparison with BT's massive investment programme. It has been set up with a share capital of £250,000.

BT has the largest single shareholding, with 30 per cent of the equity. Electra Investment Trust has 25, Lazard Brothers 20, Raeburn Investment Trust, managed by Lazards 20, and Thompson Clive and Partners 5 per cent.

The joint venture will choose projects from Martlesham laboratories which may have commercial applications.

Initially it will provide finance for technical feasibility studies, further laboratory work, marketing studies or possibly small scale production depending on the nature of the invention.

The new company is considering several ideas. The first likely to get backing from Martlesham Enterprises is a method of improving manufacture of semiconductors which improves the yield of microchips.

The company is unlikely to provide the venture capital to put itself into full production, though this is not ruled out. The shareholders will have first refusal on investing in the company, and the joint venture will retain a minority shareholding.

Mr Mark Burrell, a director of Lazards and chairman of the company, said that it would take a flexible approach to each case. He described it as acting as sponsor and midwife to bright ideas from Martlesham.

Last year BT spent £35m on research. The laboratories at Martlesham employ 1,800 people.

Prestel was invented at Martlesham and it has been a leading developer of fibre optics.

De Lorean situation serious—Prior

BY OUR BELFAST CORRESPONDENT

MR JAMES PRIOR, the Northern Ireland Secretary, said yesterday he regarded the position of the Govrenment backed De Lorean sports car company as "extremely serious."

Mr Prior, who last week discussed the company's funding problems with Mr John De Lorean, the chairman, said the company was expected to respond to government proposals within the next few days.

Asked exactly when he expected a reply Mr Prior said "the sooner the better." He said: "What concerns me enormously is the future of the company, the future of employment there and the future of great sums of money which have been put into this venture—and the seriousness of the present position."

Mr Prior would not give details of De Lorean's request for further Government support and did not reveal what proposals the Government has put to the company.

Mr De Lorean, according to union officials, said last week he needed £40m. But before leaving London for New York on Friday he said he ha dasked the Government for "a modest restructuring of existing sums."

The boards of both De Lorean's Northern Ireland company and his U.S. company meet later today in New York to discuss their response to the Government.

The fierce recession in the U.S. car market and De Lorean's cash flow difficulties have forced the company to halve production.

Union officials, who fear substantial redundancies among the 2,600 labour force, met Mr Adam Butler, the Northern Ireland Industry Minister, in Belfast yesterday for an update on the Government's dealings with the company.

Mr De Lorean is expected to return to London to meet Mr Prior this week.

Consumer spending remains flat

BY ROBIN PAULEY

THE VOLUME of consumer spending picked up slightly in the last quarter of 1981 but was no higher than the first quarter of the year and slightly lower than the first quarter of 1980, according to government figures issued yesterday.

Preliminary figures show that the volume of spending in the last quarter was about £18bn (1975 prices), 1.5 per cent up on the £17.8bn of the previous quarter.

Retail sales, which account for about half the spending total, were higher in the fourth quarter than the third. Spending on new cars appears to have been relatively buoyant. The exceptionally cold weather caused extra spending on fuel and electricity.

Consumer spending for the whole of 1981 is estimated at £71.6bn, reflecting the extent to which spending has been flat since the end of 1978. The figures for 1980 and 1979 were £71.5bn and £71.4bn respectively.

Expenditure on food, alcohol and tobacco was lower in 1981 than in 1980 but on other categories of retail goods and services it increased slightly.

Holmes à Court ACC deadline is challenged in High Court

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE OPINION of the directors of Associated Communications Corporation that they had no choice but to meet a deadline imposed by Mr Robert Holmes à Court for acceptance of his offer for their shares, was challenged in the High Court yesterday.

In evidence read to the court Mr Michael Peterson, of Barclays merchant bank, and Mr Alan Wheatley, a partner in chartered accountants Price, Waterhouse, rejected the directors' view that on January 13 ACC's situation had been so desperate that Mr Holmes à Court's midnight deadline had to be met.

The two men were giving evidence for Heron Corporation on its application for continuation of an injunction granted last week stopping ACC and its directors approving or effecting any transfer of ACC voting shares.

Heron has made a rival bid for ACC — its £46.6m offer being over £10m more than that of Mr Holmes à Court's Bell Group.

Mr Peterson suggested that, given Mr Holmes à Court's involvement with ACC, no reasonable board of directors could have believed that the offer would be withdrawn if the midnight deadline was not met.

Such a withdrawal would have been entirely inconsistent with Mr Holmes à Court's previous actions.

Throughout last year he had been picking up a substantial holding of ACC non-voting shares and in December had joined the company's board. His investment in the company was in the region of £15m, and his dealings showed a consistent policy, culminating in his attempt to get control of the voting shares.

In the light of that, Mr Peterson failed to see how the board could have believed the deadline was genuine.

If Mr Holmes à Court had withdrawn his offer and put his shares on the market he would have suffered a dramatic loss.

The directors were in a position to bargain with Mr Holmes à Court, rather than him being able to dictate to them, said Mr Peterson.

Mr Wheatley stated that he knew of no evidence to support the view that on January 13 ACC's financial position was so critically poised that the directors had to choose that night either to accept Mr Holmes à Court's offer or face a situation in which ACC would be unable to support itself.

"It is surprising," Mr Wheatley's evidence continued, "that the board of ACC felt constrained to reach such a momentous decision on what appears to have been inadequate information."

It would be normal for a company in ACC's position to consider a number of alternative plans and discuss them in detail with its major unsecured creditors, he said.

The two men's comments were based on evidence provided for the court by ACC's group treasurer Mr Derek Williams.

Mr Williams' statement was shown to Mr Justice Vinelott but not made public. It was, said Mr Richard Sykes QC, for ACC and its directors, "commercially very delicate," dealing as it did with ACC's financial situation.

Mr S. A. Stamler QC, for Heron, said it was quite wrong for the ACC directors to suggest that Mr Holmes à Court represented the company's only hope of salvation.

An alternative was Heron, a solid, serious company, advised by Barclays, a solid, serious merchant bank. There was no justification for the ACC's directors' cavalier treatment of Heron's offer.

"The directors and Mr Holmes à Court are doing a cosy deal. They have got the voting shares he wants. They arranged for the voting shares to be sold at a premium over the non-voting shares—even though ACC's articles require otherwise."

The hearing continues today.

Seamen urge tighter safety rules

BY BRIAN GROOM, LABOUR STAFF

SEAMEN'S UNION leaders warned yesterday that wrecks like the Penlee lifeboat disaster in which 16 people died before Christmas, could be repeated unless safety procedures were tightened up.

Mr Jim Slater, general secretary of the National Union of Seamen, and Mr John Prescott (Lab, Hull East), the union's sponsored MP, met Mr Iain Sproat, Parliamentary Under-Secretary for Trade, to demand a public inquiry into the disaster.

Mr Sproat said he had an "open mind" about the request and would decide after completion of the Trade Department's preliminary inquiry, expected by the end of next month.

The seamen's leaders listed "disquieting factors" about the disaster, which cost the lives of eight Penlee lifeboatmen and eight people—five crew and three relatives—aboard the freighter Union Star, which sank off the Cornish coast on her maiden voyage.

Mr Slater said that the Union Star, Dublin-registered but owned by Union Transport, of London, had a crew of five, including the master. British standards would have required a crew of seven.

Union Transport strongly denied that it had broken legal requirements. The registered crew of the Union Star was six, as the master's wife was signed on as a cook.

Carr, Sebag abandons link plan

BY JOHN MOORE

CARR, SEBAG, the City stockbroker, has abandoned a plan to enter a joint operation with another broker, Brewin Dolphin, which was intended to make Carr, Sebag's private client business more efficient.

Carr, Sebag had been exploring the possibility of creating a separate company which would have been run by its five private client partners. An arrangement would have been entered into with Brewin and Dolphin, who would have provided settlement services for the new company.

After weeks of talks, which started in October, the discussions were terminated at the weekend.

Carr, Sebag has been revaluating its role in stockbroking for some time and has been in talks with various parties which might help it reduce the cost of its private client business.

In other efficiency moves, Carr, Sebag has embarked on redundancies in its back office operations.

Docklands aid plan launched

By Michael Cassell

THE LONDON Docklands Development Corporation yesterday announced a £22m investment programme to help revitalise the docklands area.

Nearly one-third of the finance allocated—which represents the first major investment by the corporation in the docklands community—wil be spent in the next few months.

Of the £22m, the corporation is to spend £4m on improving road links and a further £4m on services on the Isle of Dogs. The conversio nof parts of the old docks into building land will account for another £3½m and £2½m will go towards reclaiming land at Beckton.

Nearly £2m is being made available for home improvement schemes and £750,000 for supporting local community groups.

Approval of the schemes follows discussions between the corporation and the Department of the Environment. Another 50 schemes are being considered

Mr Bob Mellish, MP, vice chairman of the corporation, said al lthe schemes were intended to help improve the quality of life in the docklands. "We have tried to spread the benefits so that there will be something for practically everybody. In some cases, like improvements to services, the projects are necessary to make further development possible.

Warning on threat to drug therapy advances

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN was one of only five countries which could pioneer the big therapeutic drug advances to be expected in the next 30 years, Professor George Teeling Smith, director of the Office of Health Economics, "think tank" of the dug industry, said at Oxford yesterday.

These advances would lead to control of virus diseases; most cancers; the auto-immune diseases such as multiple sclerosis; some diabetes; and perhaps rheumatoid arthritis, he told Green College, which specialises in medicine.

But Professor Teeling Smith warned that the European "consumerist" movement could easily damage the pharmaceutical industry.

Consumer groups were the people most antagonistic to drug innovation, "probably because they do not understand the harm that could be done by their demands for generic prescribing and other restrictions on the industry."

Other pioneering nations in drug therapy were West Germany, Japan, Switzerland and the U.S.

If the pharmaceutical industry was to continue to fluourish in Britain, it was essential that the economics of the industry be properly understood.

Conrad fetches £850

SALEROOM

BY ANTONY THORNCROFT

A COLLECTION of books by Joseph Conrad made prices well above estimate at Sotheby's yesterday. The highest price was £850, about five times the forecast, paid by Minerva Rare Books, the London dealer, for a signed first edition of The Secret Agent.

Another dealer, Marks, bought a presentation copy of Samuel Beckett's "Murphy" for £650, slightly below forecast.

A collection of 14 undistinguished books from the library of Sir Arthur Conan Doyle sold for £420; a first edition of Churchill's The story of the Malakand Field Force, published in 1898, made £300; and a presentation copy of Edmund Blunden's poems, £170.

Among the Russian works of art, a pair of urn-shaped vases dated about 1820 and made at St Petersburg in the Imperial Porcelain Manufactury sold for £4,800. An imperial presentation tea set of 1893, in silver gilt and cloisonné fetched £3,500.

Alumax advised to look at Invergordon

BY ROY HODSON

ALUMAX, the U.S. metals company, has been advised by Mr Ian MacGregor, chairman of British Steel, to examine the prospects for reopening the Invergordon smelter.

Mr MacGregor, a former chairman of Alumax, said in Scotland yesterday he had encouraged the company to "at least have a look" at the smelter.

But he warned leaders of the Scottish TUC during a meeting in Glasgow that the sit-in at Invergordon by redundant workers could discourage prospective buyers.

Alumax, he said, was half-owned by the Japanese who were nervous about labour relations.

Mr MacGregor appears to have advised Alumax on the basis that a new deal might be concluded with the Government and the electricity authorities for supplies of cheap power to make the Highland smelter competitive in world markets. He said the smelter would be a sound investment if the energy costs were right.

British Aluminium closed the smelter because electricity costs were forcing the smelter into heavy losses. Objections from the hard-pressed British aluminium industry could be expected if power supplies were made available to a foreign company at preferential rates in order to restart Invergordon.

Although a sit-in by about 30 workers each day continues at the smelter, the aluminium smelting "pots" have been allowed to go cold following the ending of the electricity supply. Any company taking the smelter over would have to find a large capital sum to bring it back into working order.

Since Sunday morning the workforce has been officially redundant except for a small team retained by British Aluminium to keep the plant serviceable on a care and maintenance basis.

Mr Billy Andrews, of the workers action committee said the works convener at Invergordon wanted to meet Mr MacGregor to "put him right about the labour relations in the plant."

Lead-free petrol call backed by 139 MPs

By Lisa Wood

A CAMPAIGN for lead-free petrol was launched yesterday. An appeal was made for £250,000 to "carry out a programme of activity designed to win a government decision." The campaign is supported by 139 MPs.

Mr Des Wilson, the project chairman of CLEAR, the campaign for lead-free air, said lead was Britain's number-one healt hhazard. Lead levels in the air were increasing steadily, 90 per cent from lead in petrol.

He said that between 7,500 tonnes and 10,000 tonnes of lead were permitted to infiltrate the UK from car exhausts every year, although led was a neurotoxin, a poison, and one that damaged the brain.

There was overwhelming evidence a frightening number of children were being exposed to lead at levels endangering their intelligence, causing them to be hyperactive and reducing powers of concentration.

"We are satisfied the relevant industries have eaggerated the difficulties and costs involved in moving to lead-free petrol."

He said the fixed limit of 0.15 grammes per litre of lead in petrol should be introduced earlier than the official data of 1985 and that all new cars be required to run on lead-free petrol as soon as possible.

NatWest cuts rate to small businesses

NATIONAL Westminster Bank is undercutting the other big clearing banks in an effort to win small business customers under the Government-backed loan guarantee scheme. It is reducing its interest rate to them by half a percentage point to 1¼ percentage points above base rate, making it the cheapest of the Big Four clearing banks.

The reduction, from the beginning of next month, applies to existing loans under the scheme and to new business.

Mr Noel Dearing, manager of the bank's small business section, said the move was to encourage greater use of the scheme. In December the bank had 100 applications, totalling £3.3m, for assistance under the scheme.

Since the Government launched the scheme last June, over 1,800 guarantees have been issued covering bank lending of more than £60m. Just over half the applications were to start businesses.

Union objects to plutonium sales

THE TUC has been asked to help persuade the Government not to export more plutonium to the U.S. to help meet the American shortage of plutonium for its new nuclear weapons programmes.

The Engineers' and Managers' Association, representing engineers and scientists in the civil nuclear programme, is worried about compromising the programme with the public. It believes that international safeguards against nuclear weapon proliferation may not be adequate to cope with the kind of deal being discussed between Britain and the U.S.

The union objects to suggestions that Britain might lease or sell plutonium from civil Magnox reactors to the U.S. for Clinch River, a demonstration fast-breeder reactor project it is developing.

British plutonim could release capacity for U.S. production of more weapons-grade plutonium and tritium for armament programmes, particularly the MX missile and the neutron bomb.

Mason criticised over father's estate

MRS PAMELA MASON acted irresponsibly and unreasonably in carrying out her duties as administratrix of the estate of her father, Mr Isadore Ostrer, co-founder of Illingworth Morris, the worlds largest woollen textile business, a High Court judge said yesterday.

Mr Justice Goulding, who also criticised the way Mrs Mason ran the company—the estate's main asset—said that the estate should be taken out of her hands as quickly as possible.

He ordered that she be replaced by Mr Gordon MacAlistair, a London chartered accountant, as judicial trustee.

The application was made by Mrs Mason's half-sister, Mrs Isabella Blench, who claimed the estate was insolvent, with large tax debts.

The judge said there were several grounds of complaint against Mrs Mason.

She lived 6,000 miles away in California.

She had run up extremely high and extravagant hotel and travel bills and professional fees

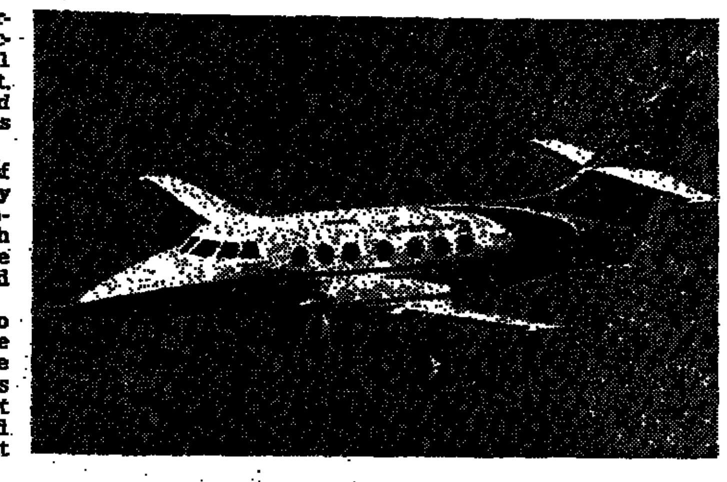
Savings bank cuts interest rate to 14%

THE National Savings Bank has responded promptly to the decline in interest rates by reducing the interest rate on its investment account by 1 per cent to 14 per cent per annum from March 1.

The net return for a saver paying basic rate tax will be 9.8 per cent.

British Aerospace unveils shorthaul Jetstream 31

BY MARK MEREDITH, SCOTTISH CORRESPONDENT



BRITISH AEROSPACE yesterday rolled out the first production model of its Jetstream 31 twin-engine, turbo-prop aircraft, *pictured right, at Prestwick and* announced orders and options for 18 of the aircraft.

The Jetstream is a version of an aircraft designed by Handley Page in the 1960s but substantially remodelled by the Scottish division of British Aerospace for sale to the commuter and corporate aircraft market.

British Aerospace has two other shorthaul aircraft, the HS748 and the BAe146. The market for shorthaul aircraft is *said* to have risen 20 per cent in 1979 and 1980 and is expected to grow a further 15 per cent this year.

British Aerospace is to aim for sales mainly in the U.S. One western U.S. commuter airline has sent a letter of intent for six Jetstreams.

The company said there are now orders for five Jetstreams, financial commitments for two and *options on a further five in* addition to the letter of intent. A UK company and one from Latin America are among those with *financial commitments* to buy.

British Aerospace needs to sell 150 Jetstreams to break even. The aircraft sells in its commuter form for £1.25m.

The company quoted a survey by the *Federal Aviation* Authority in the U.S. that there would be a market for 1,400 shorthaul aircraft by 1990. An estimated 80 per cent of this market is thought to be for aircraft for company use.

Jetstream 31 cost about £50m to design and develop at the Prestwick plant, which employs 2,000. The project indirectly affects 1,100 to 1,500 jobs in the UK, the company estimates. The Jetstream 31 project also secures the future for the Scottish division, which has only one other aircraft in production, the Bulldog pilot trainer.

Jetstream 31 has different *engines, wing design and* avionics from its predecessor, 57 of which are still in service. The aircraft is powered by American Garrett TPE331-10 turbo-prop engines with Dowty Rotol propellers for fuel efficiency and *low noise*.

The commuter version is *designed to carry 18 or 19 pas*sengers with baggage on flights of up to 620 nautical miles. The corporate model can carry eight to ten passengers up to 1,150 nautical miles.

Sir Austin Pearce, chairman *of British Aerospace, said at the* roll out that expert financial advice on the plane had been quite discouraging.

"The decision we took is quite clear . . . we took the risk but that is what being in busi*ness is all about.* It is much less comfortable than sitting in a *well-appointed office* and criticising after the event, but it is much more exciting and constructive."

The sky-blue Jetstream 31 was piped into a British Aerospace hangar in the presence of company workers and guests.

Study into reclaiming land from Mersey

By Nick Garnett, Northern Correspondent

THE Central Electricity Generating Board and Cheshire County Council are co-operating in a feasibility study into whether waste from a power station near Warrington can be used to help reclaim for industrial development 600 acres on the River Mersey.

The council said yesterday that the land, if reclaimed, *would be used for large* industrial plants.

The Manchester Ship Canal Company is also taking part in the study, which will examine whether canal dredgings can be used in the *scheme. This would take place* at Ince Banks, adjacent to the Stanlow petrochemical complex.

The cost is estimated at £40m and, subject to approval and funding, the scheme *would not be completed until* the end of the next decade. The council said it would attract financial assistance from the EEC.

The two year study will examine whether pulverised fuel ash from the Fidler's Ferry power station along with other waste materials could be used to raise the level of the salt marsh site.

● The letting of factories in the Washington Development Corporation area increased from 50 to 53 last year.

The size of factories ranged from 650 sq ft to almost 70,000 sq ft

The corporation said yesterday that rents ranging from £1 to £2.10 per sq ft and maximum Government grants were principal factors attracting industrial development.

Currency advice with personal touch

David Marsh meets the men behind a new management service

"AT THIS work rate I'll be dead by the time I'm 40," says Gavyn *Davies. He and his* partner, David Morrison, have turned in about 60 hours to 75 hours a week since last August to nurse into life a new currency-management service for Simon & Coates, the London stockbrokers.

The service aims to help corporate treasurers and investment institutions to cope better with fluctuating currencies and interest *rates. It is unusual* not just because of the energy and relative youth of the two men who run it.

Davies and Morrison, aged 31 and 29 respectively, believe the range of currency advice and *direct* help they offer to clients is unique among stockbroking companies in London. They claim it beats services available even from giant foreign *securities firms* like Merrill Lynch of the U.S. or Nomura of Japan.

To steal a march in the currency advisory game Simon & Coates last summer tempted away the two economists from *their previous employer*, Phillips & Drew, one of London's largest stockbroking firms.

They came complete with two *statistical* assistants with whom they work as a team, and *immediately* began work on their computer models and statistical number-crunching.

Before joining Phillips & Drew, Morrison, who studied at Glasgow University, worked for four years at the Bank of *England*.

After studying economics at Cambridge and Oxford, Davies worked at 10 Downing Street for five years, serving for the last three, 1976-79, James Callaghan, the Prime Minister.

The economics duo believe that Simon & Coates is moving *along a path which other UK* securities companies will be *forced to follow*.

Foreign exchange volatility is *exposing investors and company* treasurers to unaccustomed risks. Large sums of money are at stake. Therefore stockbrokers are likely to face more demand from anxious clients for specific currency advice tailored to their individual needs.

Morrison says: "A company treasurer has a big cash-flow problem every day of the week. He doesn't *just want to know* what's going to happen on the foreign exchanges in six months or 12 months time. He needs to know about the next day."

It is this gap between the short-term forecast supplied by *the banks and the longer-term* predictions offered by brokers and economists that the Davies and Morrison team aims to fill. "We don't just give the forecast. We tell company treasurers what to do with them in terms *of hedging techniques to cover* risks," says Morrison.

They believe pressure for UK stockbrokers to re-model their currency services — and other economic research—will also emerge when, and if, U.S.-style negotiated commissions are introduced in London.

Together with increased competition from U.S. stockbrokers *in Europe, freedom for London* brokers to set commission *charges* based on the services they render—still some years away—would inevitably lead to a different style of research. It would have to be focused much more on clients' individual needs.

"*The average quality of* economic research churned out by London brokers is very poor —because clients get it free," says Davies. Once negotiated commissions come in "clients will be paying for what they get. *If they don't think you're* good enough, then you'll just *disappear*."

Simon and Coates' main-stream currency service is at present taken by about two dozen fee-paying clients. They are split 50-50 between the UK and abroad (the U.S., Europe, Hong Kong and the Middle East).

About half are banks and financial institutions, the other half big companies, including Ultramar and Plessey in the UK. The fee is several thousand pounds a year, depending on the *service received*.

The currency management pair *transmit* fee-paying *sub*scribers advice, forecasts and news about foreign exchange developments via telex, telephone and a private page on Reuters video information system.

Other clients of Simon and Coates which have not signed *up for the fee-paying service* can benefit from their expertise through two monthly publications launched last autumn.

Bearing the *glossiest covers* of any piece of stockbrokers' work in the City, the publications are edited jointly by Davies and Morrison but draw on the efforts of Simon and Coates' staff.

One booklet, mainly Morrison's handiwork, concentrates on *currency* forecasting and techniques to help investors and *companies manage foreign* exchange exposure. The other, for which Davies is chiefly responsible, deals with a broad sweep of financial markets at home and abroad.

Morrison's particular speciality is "technical analysis" of currency movements which involves statistical analysis of short-term market patterns as opposed to political and economic factors behind foreign exchange fluctuations.

Short-term patterns tend to repeat themselves regularly and thus give an indication of future price movements.

Davies says he used to be "very hostile" to his partner's technical ideas. "Two years ago I thought he was slightly bonkers." Now he believes in the value of the work.

Churning out data on Simon and Coates' currency trading model—which relies on technical "signals" to predict foreign exchange movements—is a full-time occupation for the company's computers.

The two-man currency team prides itself on flexibility and accessibility. "People ring up and ask whether they should switch currencies or hedge their positions for more than a week ahead," says Davies. "We can be phoned up at any time of the day and night. If you're wrong more than half the time they'll fire you," he adds.

Clients can also ask for detailed analyses of specific *currencies and problems. For* instance one company building a hotel in Portugal wanted a review of the prospects for the escudo.

Davies and Morrison also claim that their mobility gives the service an extra edge. "We trot around and give presenta*tions and answer questions*," says Morrison. "We like to show we're not just faceless brokerage persons."

Clients also like the personal touch offered by a small two-man outfit. "We're competing with big forecasting companies like Predex and Forex Research as well as the banks, yet we're winning customers."

Davies admits that during their five months with Simon and Coates so far, "we've had a good or lucky period with our forecasts. Once we've made a blunder, clients will not be so kind."

British Air Ferries seeks £1m aid for Cardiff plan

BY ROBIN REEVES, WELSH CORRESPONDENT

BRITISH AIR FERRIES, part of the Southend-based Keegan *Group, is seeking a £1m official* aid package to develop British Airways' former Viscount maintenance base at Cardiff airport.

BAF agreed at the beginning of this year to take over, for an undisclosed sum, BA's remaining Viscounts and the Rhoose maintenance facilities. These were closed as part of BA's rationalisation programme, creating 270 redundancies.

Mr Jeremy Keegan, BAF's *managing director, said* yesterday that the company's ambitious plans for developing operations in South Wales depended upon an adequate aid package.

BAF was in discussions with the Welsh Office industry department and plans to talk to the EEC aid *authorities in* Luxembourg today. The company is keen to tie up aid by the end of this week, said Mr Keegan.

So far BAF has taken on only 25 of the redundant British *Airways employees. But given* £1m assistance, the company expects to have up to 300 employees by the end of this year.

*The takeover of BA's remain*ing Viscounts has boosted BAF's Viscount fleet from 11 to 18 over the past year. The company, which specialises in aircraft leasing, also has 12 Heralds and two HS125 executive jets.

Besides servicing its own aircraft at Rhoose, BAF wants to attract other maintenance business, *extend* the engineering work into specialist propeller *and engine overhaul*, and develop its freight and charter business out of Cardiff and Bristol.

BAF has plans to use the base to manufacture one- and two-seater "microlight" aircraft —a development of the hang-glider concept.

British Midland Airways awarded Brussels route

BY LYNTON McLAIN

BRITISH MIDLAND Airways has been awarded a licence to fly scheduled passenger services between Birmingham and Brussels. British Airways relinquished the route last year after mounting losses.

The new flights start on April 1. The services will operate twice daily in each direction every weekday with Fokker F27 turbopropellor aircraft. *The new route is ex*pected to contribute nearly £2m of profitable revenue to the airline in its first year.

British Midland Airways began scheduled services between the two cities 10 years *ago but dropped the service in* 1978 in an exchange agreement with British Airways. The state-owned airline took over the route and BMA took over a network of routes from Liverpool.

BA withdrew from the Birmingham to Brussels route *last* year as part of the airline's *attempt to cut costs and operate* only the most profitable routes.

Mr Michael Bishop, the chairman of British Midland, blamed BA for the loss of traffic on the route over the past three years. "The route has been subject to a certain amount of change in frequencies and timings which has depressed traffic," he said.

The re-introduction of a twice *daily service* was designed to "restore customer confidence."

Bupa plans to build hospital at Portsmouth

By Eric Short

AN APPLICATION *for* outline planning permission *to* build a *£5m, 56-bed hospital at* Langstone, Portsmouth, has been made to Havant Borough Council by British United Provident Association. Bupa *is the prin*cipal private medical company and the largest medical insurer.

The association is in the course of a programme of private hospital building. In *the past year it* has opened two hospitals, at Manchester and Cardiff and two more are nearing completion, at Bushey, Herts, and the Wirral. Building of a fifth hospital, at *Harpen*den, Herts, started recently.

The Langstone project is one of three more on which it is planned work *will* begin *this* year. The association intends *that Langstone* will be opened by the end of next year.

It will have two operating theatres, consulting-rooms, X-ray, pathology and physiotherapy departments. Patients who choose *private* treatment may be admitted on the referral of any local doctor. Accommodation for Bupa subscribers will be charged at a preferential rate.

Dons to get up to £55,000 redundancy

By Michael Dixon, Education Correspondent

REDUNDANCY payments of up to £55,000 were approved by the Government yesterday to *compensate* university academics whose numbers are to be *reduced from* about 30,000 to 25,000 over the next two years.

Sir Keith Joseph, Secretary for Education and Science, told the Commons that generous compensation was *appropriate since the "great* majority" of university dons were entitled to their jobs until retiring age.

Estimates differ as to the cost of the scheme, which is based on terms available to so *called mobile civil ser*vants. The charge to the public could be between £100m and £200m.

Academics with job security until retirement may still reject the scheme and sue for compensation *through* the courts. Those who do so have been promised the support of the Association of University Teachers, which has complained that the scheme's terms for younger dons are deplorable.

The basis for the lump sum payments and deferred pensions is two months pay for each year of service.

Fuel disconnections move rejected

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A LABOUR proposal that electricity and gas boards should cease all disconnections of consumers for three months because of the hard winter was rejected in the Commons yesterday by Mr David Mellor, Under-Secretary for Energy.

He indicated, however, that electricity and gas boards should be more flexible in helping consumers who cannot pay their high fuel bills.

Mr Mellor said enormous costs and increased tariffs would result from stopping all disconnections.

He also turned down another Labour suggestion that everyone on state benefit should have an extra week's payment in February to help meet extra fuel bills.

This he dismissed as wholly impracticable and said he rubbed his eyes in disbelief that the Opposition should put forward such a scheme.

Mr Mellor was speaking in a debate on a Labour motion calling for immediate action to help those in need because of the bad weather.

Alex Eadie: "Coal stocks should be sold cheaply"

In addition to the two schemes rejected by the Minister the motion also demanded an extra quarter's fuel bonus for those receiving rent and rate rebates.

The Government has put down an amendment welcoming steps already taken to maintain assistance to meet fuel costs and commending the decision of electricity boards to suspend disconnections for seven days.

Mr Mellor told the House: "Further efforts should be made to ensure that reasonable repayment arrangements are available to customers who might benefit from them."

He urged that more should be done to find a sensible solution for consumers who accumulated a large backlog of unpaid bills.

Under a DHSS scheme they are allowed to pay off part of their debts by weekly deductions of about £1.20 from supplementary benefit.

Some electricity boards have refused to operate this method because they feel the weekly repayment is too small. Mr Mellor suggested that the debt limit on such repayment schemes should be eliminated.

He also said the Government was not happy that everything possible was being done to provide pre-payment meters so that householders could meet their fuel bills.

Mr Alex Eadie, a Labour Energy spokesman, said that as many as 770 homes a week were cut off because of non-payment of bills. He maintained that the Government could afford to give assistance by spending "some of the hundreds of millions of pounds" being saved by its social security cuts.

Coal stocks were at a record level of 40m tonnes and Mr Eadie suggested that the Government should sell some of this at concessionary prices.

He criticised the arbitrary way gas and electricity undertakings disconnected consumers. The code of practice covering this should be rigorously enforced.

Customers with large fuel debts should be offered a long-term repayment plan, said Mr Eadie, and there should be discussion of a partial write-off of these sums.

Those who had been without a supply for a month or more should be offered pre-payment meters.

The Labour motion was defeated by a Government majority of 75 (277-202).

King denies Labour's claim to lower rates

By Robin Pauley

CLAIMS by a Labour MP that ratepayers pay less in domestic rates in Labour-controlled shire counties than in Conservative ones were strongly attacked as a blatant misuse of statistics by Mr Tom King, Local Government Minister, yesterday.

Mr Jack Straw, Labour MP for Blackburn and an Opposition Treasury spokesman, claimed domestic rate bills are on average £38 a year cheaper in 13 Labour-controlled counties than in 24 Conservative-controlled counties.

Mr King said that to make this calculation merely by taking an average weekly rate payment in different authorities regardless of the types of properties or their rateable values was "complete nonsense."

The implication was that someone living in a detached suburban house ought to be paying the same weekly amount as a ratepayer in a small terraced house. But the real test lay in the rate poundage charged by authorities which should be compared with the rate bills falling on people living in similar properties with similar rateable values in different areas.

If this comparison was done on a property with a rateable value of £200 in Hertfordshire, West Midlands and South Yorkshire — three areas picked out by Mr Straw — the average rate bill last year would have been £239 in Hertfordshire, £287 in West Midlands and £335 in South Yorkshire.

Mr King added that no Tory-controlled shire county levied a supplementary rate last year whereas seven of the nine counties gained from the Tories by Labour in May imposed an immediate supplementary.

In one city, Leeds, which changed control two years ago, the Labour administration this year was likely to levy a rate which would mean a 100 per cent rise for ratepayers since Labour took power.

Of the 10 counties with the lowest rate poundages seven were Conservative and the other two — Humberside and Nottinghamshire — were gained by Labour only last May. The tenth, Cornwall, is controlled by independents.

Durham, which has the lowest rateable value in the country, had the second highest rate poundage.

"This demolishes Labour's claim to be the guardian of the ratepayer," Mr King said.

The argument from both sides illustrates the danger of using average rate bills and of trying to draw political conclusions from average rate payments.

Rate bills will necessarily be higher in areas of high rateable value, because a higher proportion of total expenditure is met by ratepayers in the richer areas than poorer areas. This is the underlying principle of the Government's grant system. It has nothing to do with the political colour of councils at any time and was not mentioned by either Mr Straw or Mr King.

Magee in talks with constituency SDP party

By Margaret van Hattem, Political Staff

MR BRYAN MAGEE, the 28th MP to leave the Labour Party in the past 12 months, announced yesterday that he hoped to stand at a Social Democratic candidate in his Waltham Forest and Leyton constituency at the next general election.

Mr Magee, who told his local party last Friday of his decision to quit Labour, said he had rejected an invitation from Mr John Roper, the SDP's chief whip, to join the party at the national level. He was awaiting the outcome of discussions with the SDP's local organisation in Waltham Forest.

Mr Magee is the first of the Labour defectors to leave after the SDP's December 31 deadline, after which sitting MPs cannot be assured of preferential treatment in the selection of parliamentary candidates.

Assurances

While side-stepping suggestions that his decision to join the new party might be conditional on assurances that he would be selected as parliamentary candidate, he said his intention to fight the seat was "unequivocal."

Asked whether he would consider standing at an independent Labour candidate, he replied: "I don't want to anticipate failure."

He had decided to leave Labour during the Christmas recess when he had lost hope that the party could reverse the leftward trend of the previous two years.

The recent party meeting at Bishop's Stortford, when a truce between left and right was announced, had only confirmed his decision.

Romantic

"It is not an encouraging sign," he said. "It means the fighting stops on the present battleground, ceding the left all the gains it has made."

He went on to describe what he called "a most romantic and extraordinary scene" at his local Labour Party meeting last week when, after announcing his defection, he had been expelled from the meeting. Several hardened left-wingers had expressed their respect for him and their regret over the way he was being treated, he said.

Like Mr George Cunningham, the MP for Islington South and Finsbury, who left Labour in November, he had not left in order to join the SDP. He had always been a Social Democrat at heart, he said and he hoped the SDP would form the biggest alternative to the Tories at the next general election.

He had discussed his move with Mr Cunningham, who he predicted would join the new party before long.

Social Democrats get unofficial Think Tank—the Tawney Society

BY PETER RIDDELL, POLITICAL EDITOR

AN UNOFFICIAL Social Democrat Think Tank has been set up to promote policy ideas for the SDP, along the lines of the Fabian Society, Labour's research organisation.

The new group is to be called the Tawney Society after R. H. Tawney, the leading economic historian and socialist thinker.

Tawney is normally regarded as one of the main influences on the democratic socialist strand within the Labour Party and some Labour MPs were last night describing the appropriation of the name by the SDP as "impertinent and misleading."

The provisional chairman of the Tawney Society is Lord (Michael) Young, the president of the Consumers' Association, while the vice-chairman is Mr Peter Hall, the former chairman of the Fabian Society and a leading expert on urban policy.

Many of the founder members of the new group were formerly active in the Fabian Society, whose full membership is now restricted to members of the Labour Party.

Lord Young said yesterday that the Tawney Society was "going back to some principles that animated the early Fabians" and that the Labour Party had drifted away from those principles.

Leaders of the society highlighted the Social Democrat's emphasis on decentralisation as opposed to what they claimed are the collectivist and centralist tendencies within Labour.

The Tawney Society is not officially related to the SDP but hopes to be recognised as a fringe group when the party's constitution is approved in the spring. The society's work is intended to supplement that done by the official policy committee.

There was some irritation yesterday among SDP leaders about the group's formation since they were not consulted officially.

The society's work will concentrate on how to reduce inequality, how to improve access to public services and how to implement decentralisation and industrial democracy.

Apart from research, a newsletter and other publications will be produced. The first, next month, will be by Professor Peter Hall, and will be called Investing in Innovation.

The first public conference of the society will be organised jointly with the Croydon SDP on March 13 and will discuss decentralisation in government and in the SDP itself.

The meeting will be chaired by Mr Tyrrell Burgess, chairman of Croydon SDP, and a member of the Tawney provisional committee.

The Tawney society will be limited to SDP members who have to pay an annual subscription of £5. It will be based at 18 Victoria Park Square, London E.2.

Threat to future of BL division

By Ivor Owen

THE FUTURE of BL's entire bus and truck division will be in doubt without the implementation of the management's rationalisation scheme, Mr Patrick Jenkin, the Industry Secretary, warned in the Commons yesterday.

He rejected a demand by Mr Stan Orme, Labour's shadow Industry Minister, for Government intervention to end an official strike affecting the BL works at Bathgate, near Edinburgh, and at Leyland and Chorley in Lancashire.

Insisting that the day-to-day conduct of industrial relations was not a matter for the Government, Mr Jenkin declared: "I can think of nothing more damaging to the authority of the management of BL than if I were now to try to take matters out of their hands."

He also told Mr Orme: "Unless good sense returns pretty quickly then once again one is going to have question marks hanging over this whole part of BL."

Mr Jenkin acknowledged the achievements of BL's car division but made it clear that it could not expect to be insulated from the impending rise in steel prices.

He had been urged by Mr Hal Miller (C., Bromsgrove and Redditch) to ensure that Government action did not result in higher prices for raw materials, particularly steel.

Mr Jenkin explained that EEC plans for restoring a viable steel industry in the Community must inevitably involve some increases in steel prices.

He emphasised: "I think it is fair to say that there can be no future for British steel-using industries if they are going to rely solely on subsidised steel, as has been the position until quite recently."

Jenkin welcomes better productivity figures

BY IVOR OWEN

INDUSTRY is regaining the ability to meet the challenge of overseas competition by shedding surplus labour and curbing restrictive practices, Mr Patrick Jenkin, the Industry Secretary, stressed in the Commons yesterday.

He highlighted the "good news" reflected in the latest figures, which suggest that productivity in manufacturing industry was 9 to 10 per cent higher in the third quarter of 1981 than at the end of 1980.

Mr Jenkin told MPs: "Partly because of this remarkable achievement, unit labour cost rises in the UK were among the lowest of our competitors. "British industry is beginning to get into better shape to beat the competition."

Mr Derek Foster (Lab Bishop Auckland) argued that the improvement in productivity was not surprising in view of the job losses in manufacturing industry and the record number of firms going out of business.

Mr Jenkin replied that it was because there had been a great deal of concealed unemployment, inefficiency and restrictive working practices that many quarters of British industry had not been competitive.

"What has happened is that under the pressure of recession firms up and down the country right across industry have had to become more efficient if they were to survive and they have shown themselves able to do so. "It was about time."

Questioned about improvements in productivity by British Shipbuilders, Mr John Wakeham, Under-Secretary for Industry, stated that between 1979-80 and 1980-81 productivity in merchant yards rose by 15 per cent as measured by compensated gross registered tonnes per man-year.

He added: "However, overall levels of productivity are still not satisfactory, and British Shipbuilders are determined to make further improvements."

Appeal rights for detained mental patients announced

FINANCIAL TIMES REPORTER

THE GOVERNMENT yesterday announced in the Lords wide-ranging powers to give mental patients the legal right to appeal against detention.

The change was announced by Lord Belstead, Home Office Under Secretary, during the Committee Stage of the Mental Health (Amendment) Bill.

He said it followed a ruling by the European Court of Human Rights in Strasbourg last November, which stated that Britain was in breach of the European Convention of Human Rights.

Britain was condemned by the European Court for returning a 45-year-old man to Broadmoor after his wife had complained to a probation officer about his behaviour.

The man, through his solicitor and Mind, the National Association for Mental Health, challenged his further detention, taking the matter to the European Court, where he complained there was no machinery in British law by which he could challenge his recall to Broadmoor.

Under the Bill, which still has to pass through the Commons, patients being detained for more than six months will have the right to appeal through the Mental Health Review Tribunals.

Treasury staff cautious on Budget reform

By David Marsh

A MOVE by the Treasury to make decisions on tax and public spending simultaneously might lead to more effective policy-making, but would be difficult to put into effect, Treasury officials told MPs last night.

Mr Peter Mountfield, Under Secretary in the Treasury's general expenditure policy group, told the Treasury and Civil Service Committee it would be helpful if the Chancellor could point immediately to the tax consequences of public spending decisions.

The difficulty was, explained Mr E. P. Kemp, Under Secretary in the Treasury's central unit, that there were practical difficulties in making tax and spending decisions at the same time.

They were appearing before the committee as part of its inquiry into the Armstrong Committee report on budgetary reform. This proposes that the Government should each December present Parliament with a provisional Budget covering receipts an dexpenditure.

Under the present system—as in the 1981 Budget—the Government publishes its Public Spending White Paper along with its taxation proposals in March.

Mr Kemp said the heart of the difficulty was that the two sides of the equation were on a different timescale. Public spending decisions had to be taken well in advance of the fiscal year, whereas the best time to make decisions was just before the start of the fiscal year. How to bridge the gap was, he said, the heart of the problem.

But Mr Edward Du Cann, chairman of the committee, said it was unacceptable that parliament should be presented with Budget estimates that were regarded as holy writ.

But Mr Anthony Beaumont-Dark, MP, said a decision to give provisional Budget details earlier and to consult more people might lead only to more paperwork and slow down decision-making.

DPP to investigate police 'assault on black'

FINANCIAL TIMES REPORTER

THE Director of Public Prosecutions is to investigate the case of a black man who claims he was kicked so badly by police that he had to have a testicle removed.

Sir Michael Havers, the Attorney General, announced this yesterday during Commons Question Time.

The issue was raised by Mr Michael Meacher (Lab Oldham West) following an article in the Observer which said the case was reported to the DPP "who accepted without further inquiry a dossier saying the guilty police officers could not be traced."

Sir Michael told MPs he had spoken to the DPP and "asked him to look into the case and report to me about it."

The Commons heard that in 1979 2.06 per cent of cases alleging assault against police were brought to prosecution.

Such a small number was "scarcely surprising" said Mr Meacher if the case reported in the Observer was anything to go by.

"A Nigerian student who had done nothing wrong whatsoever was so badly kicked in the groin by police that he had to have a testicle removed—yet the DPP accepted without further inquiry that the guilty police officers could not be traced," he told MPs.

"Cases like this make a farce of the DPP's role under current procedures."

The 28-year-old student, who is reported "too embarrassed" to allow his name to be published, eventually received £1,650 compensation from the Criminal Injuries Compensation Board after his case was taken by Southwark Law Project.

He was also given £4,000 by the Metropolitan Police. They said: "We do not accept he was deliberately assaulted by police officers."

The student made a complaint after the incident. He claims that in November 1977, he was dragged out of a car in which he was a passenger and kicked in the stomach and testicles by a group of policemen he could not identify.

The driver of the car was charged with drink-driving and the student was charged with being drunk in a public place, reported the Observer.

At the magistrates' court the police said the student had fallen out of the car and could not stand without assistance—witnesses denied any officer had kicked him. But the magistrates eventually dismissed the case, said the newspaper.

Building workers to seek 'substantial' pay increase

BY JOHN LLOYD, LABOUR CORRESPONDENT

UNIONS representing more than 70,000 workers in the construction industry are to lodge a claim for a "substantial" pay rise, and for a wide package of improved benefits.

At the same time, the major unions in the construction industry—the Union of Construction, Allied Trades and Technicians and the Transport and General Workers Union—have reached a new low in their normally frosty relations. The TGWU is threatening to pull out of the National Joint Council for the Building Industry, the industry's main bargaining body.

Mr Les Wood, Ucatt's general secretary, said that the rate sought by the construction workers — and still to be formally agreed by the other construction unions—would be influenced by the deal, expected to be concluded shortly by the new National Joint Council for the Engineering Construction Industry, for a craft rate of £3.10 an hour. The craft rate in the building industry is about £2.30 an hour.

Mr Wood said that although unemployment in the industry was about 25 per cent, it would not "act as a brake" on the union's arguments with the employers. "We don't believe that those who stay in work should be punished because many of their colleagues are out of work."

It is not clear whether the claim will be for a rise equal to the rate of inflation—often the meaning of a "substantial" rise—or a higher figure.

Mr Wood said the union wished to restore its members' position to a rate higher than that enjoyed by mechanical engineering workers. This, plus the claim for a 35 hour week, would put the effective cost at 45 to 50 per cent.

The settlement, however, will be affected heavily by the depressed state of the building industry. The National Federation of Building Trade Employers said last night that a recent survey showed the low level of activity continuing, with only a slight upturn possible.

Last year's pay increase of 7.2 per cent was achieved after a serious split between Ucatt on the one side and the TGWU, with the General and Municipal Workers and the Furniture, Timber and Allied Trades Union on the other, over when to accept the offer.

● Trade unions representing 70,000 local authority building workers yesterday unanimously rejected an offer to increase rates of pay by £4.60 a week. Talks are expected to resume within four weeks.

Farm union votes to join TGWU

BY PHILIP BASSETT, LABOUR STAFF

FARMWORKERS HAVE voted for a merger between the financially-squeezed National Union of Agricultural and Allied Workers and the Transport and General Workers' Union.

After the ballot returns were counted by the independent Electoral Reform Society, the union announced yesterday that 29,787 members (86.3 per cent of those voting) were in favour of a merger and 4,709 (13.6 per cent) against, on a poll of about 52 per cent of the 70,000 eligible to vote.

After the statutory six-week period required to give time for any objections, swift moves are likely for a transfer of engagements to try for a complete merger by April 1.

Mr Jack Boddy, NUAAW general secretary, will become national secretary of TGWU agriculture trade group, which will comprise the TGWU's 20,000 members in farming, forestry and poultry work and the NUAAW's 70,000 members.

The NUAAW's 12-strong executive, plus its president, will combine with four TGWU representatives to form the new group executive.

Mr Boddy said agricultural workers now had the stability needed to make a determined effort to end low pay, poor and unsafe working conditions and the decline in rural amenities.

The TGWU's takeover of the smaller union will be a much needed boost for its failing membership. It will raise membership from the present total of 1,783,000 to about 1.85m.

NUAAW leaders recommended the merger, partly because of the serious decline in the union's finances—a deficit of £134,458 in 1980, making it a deficit in 11 out of the last 20 years—threatened its viability.

Some union members—supported informally by regional members of the employers' organisation, the National Farmer's Union—were concerned at the possibility of increased militancy if the union joined the TGWU.

However, Professor Gordon Dickson, chairman of the Agricultural Wages Board, said yesterday that he thought a greater threat of strike action unlikely. "I would have thought that if it creates a more stable and well-funded union it will be advantageous to the industry," he explained.

Mr Jack Taylor, the new Yorkshire miners' leader

Yorkshire miners elect a militant

By Our Labour Editor

MR ARTHUR SCARGILL'S legacy of militancy in Britain's largest coalfield, Yorkshire, is set to continue when he becomes national president of the National Union of Mineworkers in April.

The presidency of the Yorkshire area of the NUM has been won by a close adherent of Mr Scargill, Mr Jack Taylor, by a large majority.

Mr Taylor, formerly vice-president, was elected by a majority of 18,894 on a 66 per cent turnout.

The runner-up was Mr Johnny Walsh, a moderate from North Yorkshire, who polled 9,254 votes. Two other candidates, Mr John Stones and Mr Albert Barlow, collected under 4,000 votes each.

Before Mr Scargill emerged as leader of the Yorkshire coalfield, the area had been in moderate hands. There had been little doubt that Mr Taylor would win the succession, but interest will focus on the election for the vice-presidency and secretaryship.

At national level, the importance of Mr Taylor's succession is that the new president will be able to count on the three votes of his area on the executive committee.

The political balance of the executive has been shifting against the moderates in the latter years of Mr Joe Gormley's presidency. They now hold a majority of only one on the 25-man executive.

Times journalists in wage-freeze battle

BY JOHN LLOYD, LABOUR CORRESPONDENT

JOURNALISTS at Times Newspapers have rejected a management demand for a six-month wage freeze.

At the same time print and clerical workers in the group have rejected the preliminary attempts by management to cut back sharply on staffing levels, and have seen their own proposals rejected by management.

A meeting yesterday of the National Union of Journalists' chapel (office branch) on The Times passed a motion rejecting as "totally unacceptable" the contention by the newspaper's management that wage negotiations cannot be entered into until July.

Times Newspapers management says company policy is to allow at least 12-months to elapse between pay rises, and that the journalists received a rise last July. The NUJ says the July rise was part of an 18-month pay deal, which both sides had agreed would end on January 1 this year.

Journalists on the Sunday Times passed a similar motion last week. They meet again tomorrow to review their position.

The Sunday Times chapel expects to meet Mr John Biffen, the Trade Minister, this week. They allege that the agreement lodged with Mr Biffen by Mr Rupert Murdoch, the owner of Times Newspapers, when he bought the papers last year, had been breached.

The journalists say recent editorial appointments and dismissals had been made on the authority of Mr Murdoch and not that of Mr Frank Giles, the paper's editor—as specified in the agreement.

Manual staff accept 7.8%

FINANCIAL TIMES REPORTER

PAY RISES of up to 7.8 per cent for 1m council manual workers would not be the going rate for all local government workers, a management official said yesterday.

Because the rises were ratified in London, however, a public service union leader said nearly 800,000 hospital ancillary workers had asked for the same increases.

The fine balance between acceptance and rejection of the offer should be seen as a warning that hospital workers expected reasonable treatment, Mr Charles Donnet, secretary of the union negotiators, said.

Referring to the manual workers' rises of between 6.3 per cent and 7.8 per cent, the employers' chief negotiator, Mr Brian Rushbridge, said this did not create a going-rate for all types of local government workers.

Leaders of 500,000 town-hall staff are due to submit their claim tomorrow.

Yesterday's ratification followed acceptance by the General and Municipal Workers Union by two to one, the Transport and General Workers Union by four to three and the National Union of Public Employees by 188,994 votes to 167,317.

The deal provides £4.60 a week across the board on basic rates, a 39-hour week from next November and better holiday entitlements.

Insurance offer rejected

BY BRIAN GROOM, LABOUR STAFF

THE ASSOCIATION of Scientific, Technical and Managerial Staff members at General Accident insurance company have voted by more than 4-1 in a ballot to reject a 7.8 per cent pay offer.

Mr Bill Linley, ASTMS chairman at the company, said the 5,500 union members might begin taking sanctions before the end of the week if General Accident did not improve its offer.

The Association of Professional, Executive, Clerical and Computer Staff, representing 1,200 of General Accident's 10,500 staff, has already voted to begin a work-to-rule and overtime ban on February 1 if the company does not indicate by Thursday that it has an improved offer to make.

Labour backs TUC Economic Review

BY OUR LABOUR CORRESPONDENT

TRADE UNION and the Labour Party leaders yesterday agreed the main outlines of the TUC's Economic Review, which calls for a budget stimulus of £8.4m and a range of planning mechanisms to tackle unemployment and stimulate industrial growth.

A meeting of the TUC-Labour Party Liaison Committee also thrashed out details of campaigns which both sides would run in the coming months.

It was agreed that the TUC would concentrate on organising round the main points in the Economic Review, while the Labour Party would mount a campaign on the main features of the Alternative Economic Strategy.

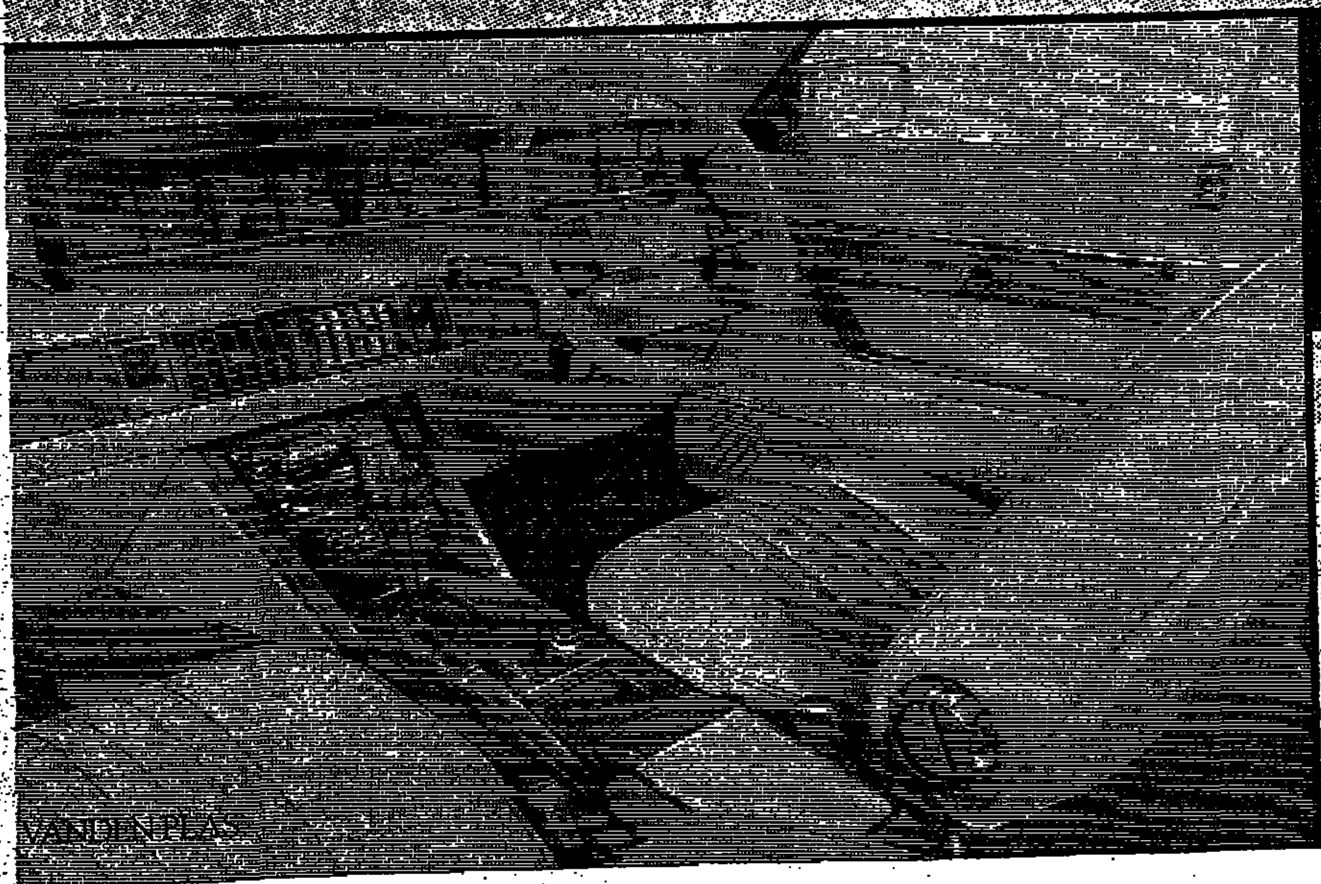
Great stress was laid in the course of the meeting on the common aims of all the participants, now an almost obligatory feature of high level meetings in the Labour Movement since the truce reached at Bishop's Stortford.

● The TUC's social insurance and industrial welfare committee today meets Mr Norman Tebbit, the Employment Secretary, to protest against cuts in the Health and Safety Executive, and in the Health and Safety Commission.

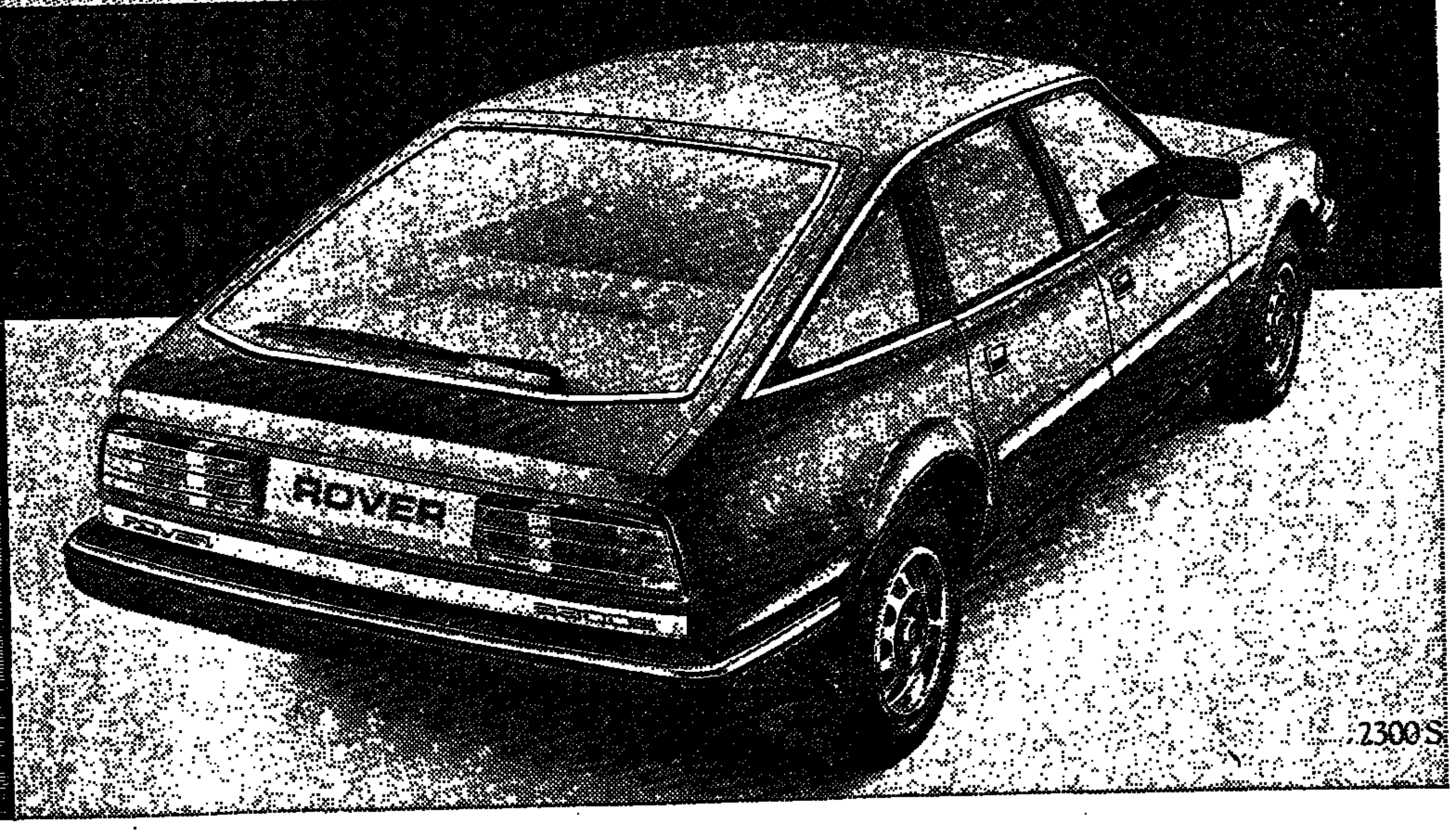
The committee, led by Mr Ray Buckton, the general secretary of Aslef, the train driver's union, will tell Mr Tebbit that the cuts are putting the safety of workers at risk.

EXPERIENCE THE NEW ROVERS

3500 SE



VANDEN PLAS



2300 S

The Rover name stands for innovative design, performance, prestige, technological development and achievement.

Qualities that have long made Rover a very special driving experience.

Never more so than now.

The new Rovers come to you with advances in styling, in handling, in economy, in comfort and in finish.

The sleek aerodynamics of the Rover body have been further advanced with flush-fitting restyled headlights, a new grille, wrap-round bumpers and a handsome front spoiler for improved road-holding at high speeds.†

At the rear of the car we've deepened the tail-gate window for greater visibility, guaranteed even in poor weather by a new, programmed rear wash-wipe system.

We've redesigned the interior of the new Rovers as well.

The new, low profile instruments binnacle and new centre console combine to give you fingertip controls and quick-to-read instrumentation all in a totally new driving environment.

And, as you sit back in supreme comfort, you'll appreciate that a traditional Rover luxury—walnut panelling—has made a welcome return.*

You'll also welcome the fact that we've revised the rear self-levelling suspension* and upgraded the braking system to bring you a more positive and responsive driving experience.

There are eleven lustrous Rover colours.

And, by using the world's most advanced and proven paint technology, we're ensuring that the new Rovers are protected against all the rigours of the British climate.

We've also extended service intervals to 12,000 miles or 12 months.

We've not only developed the cars, we've added to the range as well.

With a new, 104 m.p.h. twin carburettor five speed 2000 model to add to the Rover driving experience.

The six new Rovers. From the ultimate luxury of Vanden Plas to the sprightly economy of two litres.

Ask your dealer for a test drive. And an advanced driving experience.

ROVER ADVANCING THE DRIVING EXPERIENCE

OFFICIAL D.O.T. FIGURES. ROVER 2000, MANUAL. SIMULATED URBAN CYCLE, 23.9 MPG (11.8 L/100 KM), CONSTANT 56 MPH, 42.6 MPG (6.6 L/100 KM), CONSTANT 75 MPH, 32.7 MPG (8.5 L/100 KM). MODEL RANGE: 2000, 2300, 2300S, 2600S, 3500SE, VANDEN PLAS. AUTOMATIC TRANSMISSION AND METALLIC PAINT OPTIONAL EXTRA. FOR FLEET SALES INFORMATION RING 021-779 4434. †EXCEPT 2000, 2300. *STANDARD ON 2600S, 3500SE, VANDEN PLAS.

FT COMMERCIAL LAW REPORTS

Telex acceptance of offer complete when received

BRINKIBON LIMITED v STAHAG STAHL UND STAHLWARENHANDELSGESELLSCHAFT mbH

House of Lords (Lord Wilberforce, Lord Russell of Killowen, Lord Fraser of Tullybelton, Lord Bridge of Harwich and Lord Brandon of Oakbrook): January 21 1982

WHERE A party to a prospective contract communicates by telex his acceptance of the other's offer, the general rule is that the contract is made when and where the acceptance is received by the offeror; *but if the situation is not one of simple* instantaneous communication between principals, that general rule will not apply and the time and place of making the contract will depend on the parties' intentions, sound business practice and other factors.

The House of Lords so held when dismissing an appeal by Brinkibon Ltd, English buyers of steel, from a decision of the Court of Appeal (Lord Justice Stephenson and Lord Justice Templeman, June 12 1980) setting aside orders of Mr Justice Goff and Mr Justice Mocatta in the Commercial Court. By those orders respectively, Mr Justice Goff (November 30 1979) gave leave to Brinkibon to issue a writ against Stahag Stahl und Stahlwarenhandelsgesellschaft mbH, Austrian sellers of steel, claiming damages for breach of contract; and Mr Justice Mocatta (March 11 1980) dismissed Stahag's application to set aside service of notice of the writ on them in Austria.

* * *

LORD WILBERFORCE said that Brinkibon desired to sue Stahag in the UK for breach of an alleged contract for the supply of steel. In order to do so it had to obtain leave to serve notice of *its writ on Stahag out of the* jurisdiction under one or other of the provisions of RSC Order 11 Rule 1(1). Those relied on were paragraphs (f) and (g). To satisfy (f) Brinkibon must show that the contract was made "within the jurisdiction": to come within (g) it must establish that the breach was committed within the jurisdiction. The Court of Appeal had decided against Brinkibon under both paragraphs.

Whether there was a contract could be decided only at the trial. The present question, inter alia, was whether an alleged acceptance of Stahag's offer, sent by Brinkibon by telex from London, and received by Stahag in Vienna, caused the alleged contract to be made in London or Vienna.

If the acceptance had been sent by post or by telegram, then on existing judicial authority it would have been complete when put into the hands of the Post Office in London. However, if it had been telephoned, it would have been complete when heard by Stahag, the offeror, in Vienna.

So in which category was a telex communication to be placed? In *Entores Limited v Miles Far East Corporation [1955] 2 QB 327* the Court of Appeal decided in favour of the latter category, i.e., a telex was classified with instantaneous communications. His Lordship would accept that as a general rule. Where the condition of simultaneity was met, and where it appeared to be within the mutual intention of the parties that contractual exchanges should take place in that way, it was a sound rule, but not necessarily a universal rule.

Since 1955 the use of telex communications had been greatly expanded, and there were many variants on it. The sender and recipients might not be the principals to the contemplated contract. They might be servants or agents with limited authority. The message might not reach, or be intended to reach, the designated recipient immediately: messags might be sent out of hours, or at night with the intention, or on the assumption, that they would be read at a later time. Thre might be some error or fault at the recipient's end which prevented receipt at the time contemplated and believed in by the sender. Many other variations might occur. No universal rule could cover all such cases; they must be resolved by reference to the intentions of the parties, by sound business practice, and in some cases by judging where the risks would lie.

The present case, as in *Entores, was a simple case of* instantaneous communications between principals, and in accordance with the general rule, the contract (if any) was made when and where the acceptance was received. That was in Vienna.

Accordingly, the case under paragraph (f) must fail. The case under paragraph (g) must also fail, in that the breach pleaded related to acts which *should have been performed* outside the jurisdiction.

The appeal must be dismissed.

*

LORD FRASER, agreeing, said that the question was whether acceptance by telex fell within the general rule that it was required to be notified to the offeror in order to be binding, or within the exception of the "postal rule" *whereby it became* binding when (and where) it was handed over to the Post Office.

The posting rule had been extended to apply to telegrams sent through the Post Office, and there was much to be said for applying it also to telex messages sent by one business firm directly to another. There was little, if any difference in the mechanics of transmission between a private telex from one business office to another, and a telegram sent through the *Post Office*.

Nevertheless, an acceptance sent by telex directly from the acceptor's office to the offeror's office should be treated as if it were an instantaneous communication between principals, like a telephone conversation. One reason was that the decision to that effect in *Entores* seemed to have worked without difficulty or complaint from the business community. Secondly, once the message had been received on the offeror's telex machine, it was not unreasonable to treat it as delivered to the principal offeror, because it was his responsibility to arrange for prompt handling of messages within his own office.

Thirdly, a party (the acceptor) who tried to send a message by telex, could generally tell if his message had not been received on the other party's (the *offeror's*) machine, whereas the offeror, of course, would not know if an unsuccesful attempt had been made to send an acceptance to him. It was therefore convenient that the acceptor, being in the better position, should have the responsibility of ensuring that his message was received.

LORD BRANDON also agreeing, said that the *Entores* case was rightly decided and should be approved.

The cases on acceptance by letter and telegram constituted an exception to the general principle. The reason for the exception was commercial expediency. That reason applied to cases where there was bound to be a substantial interval between the time when the acceptance was sent and the time when it was received. In such cases the exception to the general rule was more convenient, and made on the whole for greater fairness.

However, the reason of commercial expediency did not have any application when the means of communication employed between the offeror and the offeree was instantaneous in nature, as was the case when either the telephone or telex was used. In such cases the general principle relating to the formation of contracts remained applicable and the contract was made when and where the telex of acceptance was received by the offeror.

Lord Russell and Lord Fraser agreed. Appeal dismissed.

For Brinkibon: Anthony Thompson QC and Alastair MacGregor (Heald and Nickinson).

For Stahag: Nicholas Phillips QC and Martin White (Linklaters and Paines).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

JIM OLD, who recently transferred his operations from Ashmore in Dorset to a bigger establishment near Bristol, could know by this afternoon whether he can land this year's Triumph Hurdle at the Festival meeting.

By about 1.15 pm, Cima, the second favourite he trained for the £20,000 Daily Express race, will have defended his unbeaten *record over the minor obstacles* in Nottingham's opening division of the Stop Gap four-year-old hurdle.

Cima ought to have few problems despite 21 opponents.

Supported almost from the start of business on the Triumph Hurdle six weeks ago, Cima never looked like letting his followers down in his hurdling debut at Leicester on New Year's Day. Backed from 3-1 to 9-4 joint favourite, Cima was always travelling too well for his rivals. He won, unextended, by 15 lengths from Drink Deep.

Unless a careless mistake puts paid to his chance at Nottingham, Cima, a smart performer on the flat, will again underline his Cheltenham prospects.

Only once out of the frame in his last eight races, Rolleston made no mistake at Towcester on his most recent appearance, winning as he pleased from Casland and Desert Hero. Still on a lenient mark he is preferred to the Ayr third, William The First, in the Carlton Hurdle.

CHEPSTOW

1.45—Critical Times
2.15—Price Review
2.45—Abbey Brig

NOTTINGHAM

1.00—Cima*
2.00—Rolleston***
2.30—Wait And See
3.00—Leckie**

TELEVISION

BBC 1

9.05 am For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill At One. 1.45 Bod. 2.00 You And Me. 2.15 For Schools, Colleges. 3.10 Tomos A Titw. 3.40 So You Want To Stop Smoking. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Secret Squirrel. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 Grange Hill. 5.35 The Amazing Adventures of Morph.

5.40 News.
6.00 Nationwide (London and South-East only).
6.25 Nationwide.
6.55 Cartoon.
7.05 Doctor Who, starring Peter Davison.
7.30 A Question Of Sport with David Coleman.
8.00 Terry and June, starring Terry Scott and June Whitfield.
8.30 Solo by Carla Land, starring Felicity Kendal, Stephen Moore and Elspet Gray.
9.00 News.
9.25 Play For Today: "Commitments," by Dusty Hughes.
10.50 Gladys Knight and the Pips at the New London Theatre.
11.23 News Headlines.
11.25 Taking Issue: Political debate.

Chris Dunkley: Tonight's Choice

No agonising choice at 8.35, just Susan Denny's intriguing programme Who Is Sappho? on Radio 4. From 9.25 life will be tough even for owners of video recorders. Those of us hooked on the nasty political and commercial in-fighting of Muck and Brass will have been watching ITV for 25 minutes and be due to stay for another 35. BBC 1 starts Dusty Hughes's play Commitments, a sympathetic look at a group of Trotskyists during the winter of the three-day-week, and BBC 2 offers on Arena a study of John Updike whose new book "Rabbit Is Rich," is receiving a staggering amount of publicity.

The embarrassment of riches (well, choices) continues. At 10.00 while Arena and Commitments are still running Radio 2 begins its hour-long London Palladium Story with contributions from a constellation of stars (Sammy Davis, Danny Kaye, Harry Secombe, etc.). It's an unusually good night for Radio 2 which at 8.00 broadcasts the first part of its massive series The Golden Age of Hollywood which will last altogether 24 hours.

At 10.25, with Commitments and The London Palladium Story still running, BBC 2 begins a film profile of painter Carel Weight and at 10.30 ITV presents The Standard Drama Awards for 1981.

BBC 2

11.00 am Play School.
3.55 pm Girl in a Glider.
4.25 Exmoor Man.
5.25 Tales from a Long Room.
†5.40 Undersea Kingdom.
6.00 The Waltons.
6.50 News Summary.
6.55 Australian Film Season: "Cathy's Child."
8.20 Russell Harty.
9.00 Pot Black 82.
9.25 Arena.
10.25 Carel Weight.
10.50-11.40 Newsnight.

LONDON

9.35 am Schools Programmes. 12.00 Button Moon. 12.10 pm Let's Pretend. 12.30 The Sullivans. 1.00 News, plus FT index. 1.20 Thames News with Robin Houston. 1.30 Take The High Road. 2.00 After Noon Plus: Mavis Nicholson introduces today's edition. 2.45 Born And Bred. 3.45 Welcome Back Kotter. 4.15 Dangermouse. 4.20 Emu's World. 4.45 CB TV—Channel 14. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News with Andrew Gardner and Tricia Ingrams.
6.20 Help!
6.30 Crossroads.
6.55 Reporting London.
7.30 The Jim Davidson Show: Jim Davidson is joined by Bob Todd, Glyn Houston and Chas and Dave.
8.00 Don't Rock The Boat, starring Nigel Davenport, Sheila White, John Price and David Janson.
8.30 Top of the World presented by Eamonn Andrews.
9.00 Muck and Brass.
10.00 News.
10.30 The Standard Drama Awards for 1981.
11.30 Kaz.
12.25 am Close: "Sit Up and Listen" with Gillian Reynolds.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

12.30 pm Gardening Time. 1.20 Anglia News. 3.45 Does the Team Think? 6.00 About Anglia. 7.00 Bygones. 11.30 The New Avengers. 12.30 am A Bit of a Pantomime.

BORDER

1.20 pm Border News. 3.45 Does the Team Think? 5.15 Mork and Mindy. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.30 Border News Summary.

CENTRAL

12.30 pm The Young Doctors. 1.20 Central News. 3.45 Does the Team Think? 5.15 Mork and Mindy. 6.00 Crossroads. 6.25 Central News. 7.00 Emmerdale Farm. 11.30 Central News. 1.35 1982 Butlins' Grand Master Darts Championship. 12.05 am Tuesday Jazz and Blues: BB King.

CHANNEL

12.30 pm Mr and Mrs. 1.20 Channel Lunchtime News. What's On Where and Weather. 3.45 Square One. 5.20 Crossroads. 6.00 Channel Report. 6.30 Does the Team Think? 7.00 Private Benjamin. 10.28 Channel Late News. 11.30 Thriller (The Death Policy). 12.45 am Commentaires et Previsions Meteorlogiques.

GRAMPIAN

9.30 am First Thing. 12.30 pm Paint Along With Nancy. 1.20 North News. 3.45 Does The Team Think? 6.00 North Tonight. 7.00 The Two Of Us. 11.30 The Monte Carlo Show. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 3.45 Does The Team Think? 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.25 This Is Your Right. 7.00 Emmerdale Farm. 11.30 City of Angels.

HTV

12.30 pm Paint Along With Nancy. 1.20 HTV News. 3.45 Does The Team Think? 5.10 Ask Oscar! 5.20 Crossroads. 6.00 HTV News. 6.30 Arthur of the Britons. 7.00 Emmerdale Farm. 10.28 HTV News. 11.30 The Amazing Years of Cinema.

HTV Cymru/Wales—As HTV West except:—9.35-9.50 am Am Gymru. 11.38-11.54 About Wales. 12.00-12.10 pm Y Llysiau Lion. 4.15-4.45 Camigam. 5.10-5.20 Mr Magoo. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Pethau Prin. 11.15-12.15 am The Standard Drama Awards for 1981.

SCOTTISH

12.30 pm Gardening Time. 1.20 Scottish News Headlines, Road and Weather Report. 1.30 The Electric Theatre Show. 3.45 Does The Team Think? 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take The High Road. 11.30 Late Call. 11.35 Ladies' Man. 12.05 am 1982 Butlin's Grand Masters Darts.

TSW

12.30 pm Mr and Mrs. 1.20 TSW News Headlines. 3.45 Square One. 5.20 Crossroads. 6.00 Today South West. 6.30 Does The Team Think? 7.00 Private Benjamin. 10.32 TSW Late News. 11.30 Danger UXB. 12.30 am Postscript. 12.35 South West Weather.

TVS

1.20 pm TVS News. 3.45 Does The Team Think? 5.15 Radio. 5.30 Coast to Coast. 6.00 Coast to Coast (cont.). 7.00 Emmerdale Farm. 11.30 Vegas. 12.30 am Company.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. 3.45 The Riordans. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 11.30 The Two Of Us. 12.00 The Other Side.

ULSTER

1.20 pm Lunchtime. 3.45 Does The Team Think? 4.13 Ulster News. 5.15 Radio. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 11.30 Bedtime.

YORKSHIRE

12.30 pm Does The Team Think? 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Benson. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 Barney Miller.

RADIO

(S) Stereophonic broadcast
‡Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 The Golden Age of Hollywood (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains (S) including 9.55 Sports Desk. 10.00 The London Palladium Story. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: *Bruch (S). 10.05 The Baroque Tradition* (S). 11.05 Schumann and Liszt piano recital (S). 12.10 pm Midday Concert, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Midday Concert, part 2 (S). 2.05 Jack Brymer clarinet and piano recital (S). 3.00 Alban Berg Quartet (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Richter Plays Schumann (S). 7.30 James Joyce: A Touch of the Artist (S). 8.30 Hindemith Kammermusik part 1 (S). 9.10 The Private Papers of Henry Ryecroft by George Gissing. 9.30 Hindemith Kammermusik, part 2 (S). 10.15 Evening Magic (S). 11.00 News. 11.05-11.15 Sibelius (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in the Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Quote ... Unquote (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 A Pair of Blue Eyes by Thomas Hardy (S). 4.00 Pieces of Pilgrimage. 4.15 Peter Dawson. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Never Too Late (S). 7.00 News. 7.05 The Archers. 7.20 *Medicine Now. 7.50 The Seaside in Winter.* 8.35 Who is Sappho? 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Legal, Decent, Honest and Truthful (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BOND DRAWINGS

IRELAND
9% U.S.$ Bonds 1985

S.G. WARBURG & CO. LTD., announce that the annual redemption instalment of U.S.$900,000 due 1st March, 1982 has been met by purchases in the market to the nominal value of U.S.$288,000 and by a drawing of Bonds to the nominal value of U.S.$612,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

11	33	50	64	83	108	128	163	179	197
211	243	251	268	284	298	339	360	383	399
412	445	527	549	582	604	655	694	707	729
778	797	819	863	886	927	956	980	1014	1067
1078	1099	1146	1197	1217	1353	1379	1399	1421	1433
1452	1470	1511	1556	1595	1620	1633	1649	1676	1722
1737	1757	1775	1788	1826	1862	1888	1924	1941	1958
1975	1987	2002	2042	2057	2079	2099	2116	2126	2153
2219	2251	2275	2311	2331	2372	2387	2430	2444	2555
2571	2584	2599	2610	2625	2641	2655	2670	2684	2699
2712	2727	2742	2761	2777	2794	2814	2837	3009	3032
3049	3066	3136	3168	3210	3234	3306	3358	3402	3432
3447	3470	3485	3533	3778	3799	3815	3829	3844	3860
3889	3902	3918	3932	3946	3963	3986	3998	4041	4059
4073	4087	4100	4113	4128	4145	4169	4186	4201	4241
4259	4271	4324	4348	4401	4417	4441	4454	4466	4524
4541	4556	4645	4661	4694	4716	4745	4777	4790	4805
4831	4848	4869	4891	4908	4920	4935	4956	5014	5030
5065	5081	5105	5124	5139	5162	5173	5190	5202	5225
5245	5263	5277	5303	5314	5331	5347	5361	5378	5396
5408	5423	5436	5469	5483	5500	5515	5529	5544	5556
5570	5586	5598	5615	5631	5643	5658	5674	5688	5702
5718	5730	5746	5772	5781	5797	5813	5831	5850	5878
5892	5909	5932	5945	5961	5979	5991	6007	6023	6055
6093	6132	6142	6162	6179	6190	6204	6219	6244	6260
6273	6289	6303	6313	6363	6386	6407	6452	6533	6546
6560	6574	6750	6784	6804	6852	6878	6892	6928	6945
6961	6977	6992	7009	7066	7080	7097	7154	7168	7183
7213	7252	7279	7294	7308	7323	7386	7398	7415	7434
7487	7533	7561	7592	7656	7714	7750	7766	7785	7799
7840	7906	7932	7956	7969	7986	8052	8067	8083	8097
8112	8127	8140	8154	8179	8193	8257	8281	8302	8317
8335	8348	8364	8379	8391	8407	8428	8452	8467	8483
8495	8514	8534	8546	8561	8578	8591	8614	8628	8642
8655	8673	8687	8701	8717	8776	8822	8884	8898	8933
8949	8966	8983	8998	9011	9053	9120	9135	9147	9207
9222	9235	9248	9263	9279	9294	9309	9323	9337	9356
9371	9384	9399	9413	9428	9443	9457	9470	9523	9538
9552	9565	9623	9699	9753	9765	9780	9795	9808	9823
9849	9859	9874	9904	9919	9933	10130	10245	10282	10296
10309	10326	10348	10363	10376	10471	10491	10506	10521	10535
10552	10836	10848	10861	10875	10891	10908	10923	10942	10959
10981	10996	11006	11022	11036	11052	11067	11081	11094	11109
11121	11138	11154	11167	11179	11194	11207	11224	11239	11251
11266	11282	11294	11310	11326	11341	11359	11371	11383	11433
11445	11470	11486	11520	11535	11551	11564	11577	11592	11607
11641	11657	11671	11687	11699	11712	11727	11741	11756	11769
11792	11804	11823	11834	11848	11871	11887	11898	11923	11937
11949	11965	11980	11991	12007	12023	12035	12064	12077	12093
12107	12122	12135	12147	12203	12247	12263	12288	12308	12321
12336	12346	12362	12376	12400	12460	12465	12512	12578	12588
12616	12643	12654	12672	12686	12695	12714	12766	12784	12801
12820	12865	12878	12892	12906	12919	12958	12972	12986	13002
13016	13145	13160	13578	13596	13627	13640	13662	13720	13735
13748	13792	13809	13823	13837	13851	13870	13890	13905	13919
13945	13957	13970	13985	13999	14015	14031	14045	14058	14068
14086	14099	14129	14144	14159	14172	14186	14200	14214	14231
14244	14260	14275	14285	14299	14386	14402	14439	14454	14468
14484	14498	14512	14523	14563	14580	14607	14622	14635	14651
14667	14681	14700	14717	14732	14745	14764	14779	14794	14810
14826	14841	14856	14869	14884	14900	14916	14928	14954	14966
14981	14994								

On 1st March, 1982, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S.G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st March, 1982, and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$4,200,000 nominal amount of Bonds will remain outstanding after 1st March, 1982.

The following Bonds previously drawn for redemption on the dates shown below have not as yet been presented for payment.

1st March, 1977

791

1st March, 1978

593 2242 3573 4230 4799 4830 5805 6851 6987 9036 9362 12293 14215

1st March, 1979

1494 3307 3826 3885 3948 4903 5338 6802 6857 8475
8667 9903 9924 12297 13873

1st March, 1980

126 382 991 1366 1627 1673 1942 2114 2137 2243
3310 3369 3401 3830 3886 4245 4440 4444 4783
4817 4932 5232 5764 5810 6274 6854 6980 8098 8121
6329 8578 8887 8918 12464 13583 14173 14611 14836

30, Gresham Street, London, EC2P 2EB — 26th January, 1982

CASSA PER IL MEZZOGIORNO
6% Guaranteed Bonds 1985

S.G. WARBURG & CO. LTD., announce that the redemption instalment of U.S.$1,200,000 due 1st March, 1982, has been met by purchases in the market to the nominal value of U.S.$92,000 and by a drawing of Bonds to the nominal value of U.S.$1,108,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

9726 to 9730 — 9732 — 9742 to 9753 — 9770 to 10112 — 10118 — 10119
10125 — 10226 to 10285 — 10501 to 10525 — 10551 — 10557 — 10558
10562 to 10579 — 10582 to 11090 — 11191 to 11211 — 11223 to 11250 — 11266 to 11275
11311 to 11380

On 1st March, 1982, there will become due and payable upon each Bond drawn for redemption, *the principal amount thereof together with the accrued interest to said date at the office of:—*

S.G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st March, 1982, and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$3,500,000 nominal amount will remain outstanding after 1st March, 1982.

The Bond No. 8541, drawn for redemption 1st March, 1977, has not yet been presented for payment.

30, Gresham Street, London, EC2P 2EB — *26th January, 1982*

COMPANY NOTICES

DE BEERS CONSOLIDATED MINES LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF 40 PER CENT CUMULATIVE PREFERENCE SHARE WARRANTS TO BEARER

ISSUE OF NEW COUPON SHEETS

NOTICE IS HEREBY GIVEN to holders of 40 per cent cumulative preference share warrants to bearer that new sheets of coupons 146-172 with talons attached may be obtained on or after 18 February 1982 against surrender of the existing talon(s) detached from 40 per cent cumulative preference share warrants to bearer at the following addresses during the normal business hours:—

London Bearer Reception Office, Charter Consolidated PLC, 40 Holborn Viaduct, London EC1P 1AJ.
Banque Rothschild, 21 rue Laffitte, 75009 Paris.
Banque Bruxelles Lambert, 2 Rue de la Regence, 1000 Brussels.
Societe Generale de Banque, 3 Montagne du Parc, 1000 Brussels.
Credit Suisse, Paradeplatz 8, 8021 Zurich.
Union Bank of Switzerland, Bahnhofstrasse 45, 8001 Zurich.
Swiss Bank Corporation, 1 Aeschenvorstadt, 4002 Basle.
Banque Internationale a Luxembourg, 2 Boulevard Royal, Luxembourg.

Talon listing forms are available at the abovementioned offices.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
J. C. GREENSMITH

26 January 1982

KONISHIROKU PHOTO INDUSTRY CO. LTD.

NOTICE TO EDR HOLDERS

Further to notice of October 23, 1981 The Chase Manhattan Bank, N.A., announce that the interim cash dividend of Yen 3.75 per share has been converted to U.S. Dollars and amounts to $164.94 gross per EDR representing 10,000 Deposited Shares and $16.49 gross per EDR representing 1,000 Deposited Shares. All presentations will be subject to deduction of Japanese withholding tax [illegible] the appropriate rates and [illegible] payments will be as follows:—

EDRs representing 10,000 Shares $131.95 net or $140.20 net after deduction of 20% or 15% Japanese withholding tax respectively.

EDRs representing 1,000 Shares $13.19 net or $14.02 net after deduction of 20% or 15% Japanese withholding tax respectively.

The rate of tax deducted will depend upon the residential status of the beneficial owner and the application of any Double Tax Treaty concluded with Japan. [illegible]

THE CHASE MANHATTAN BANK N.A. London as Depositary

January 1982.

APPOINTMENTS

INSTITUTIONAL INVESTMENT SALESMAN/WOMAN

A leading Canadian investment house seeks an institutional securities *salesman/woman for its London office. Candidates should have a* good educational background and a record of success in the development of business. Prior experience in the Canadian or American markets would be desirable but not essential as a period of familiarisation in Canada is available if necessary, prior to employment in London. Remuneration and fringe benefits will be generous. Applications, marked confidential and enclosing copy of curriculum vitae, should be addressed to:

THE MANAGER, GREENSHIELDS INCORPORATED
48 FREDERICK'S PLACE, LONDON EC2R 8HT

NAME YOUR OWN SALARY & CAR ...

We are looking for an experienced advertising space sales director who can use [illegible] bringing a team of experienced people with you—to take over sales on a range of titles. If you're good enough to meet our targets, we can meet yours.

Ring 01-629 0908 for details

LEGAL NOTICES

IN THE MATTER OF S.P.I. ADVERTISING LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 26th day of February, 1982, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PATRICK GRANVILLE WHITE of 1 Wardrobe Place, Carter Lane, St. Paul's, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 18th day of January 1982.

P. G. WHITE, Liquidator.

THEATRES

VAUDEVILLE. CC 01-836 9988. [illegible] GORDON JACKSON in AGATHA CHRISTIE'S CARDS ON THE TABLE. [illegible]

VICTORIA PALACE. CC 01-828 4735-6. [illegible] JOHN INMAN, ARTHUR LOWE [illegible] MOTHER GOOSE. [illegible]

VICTORIA PALACE THEATRE. [illegible] THE LITTLE FOXES by LILLIAN HELLMAN. [illegible]

WAREHOUSE. Donmar Theatre. [illegible] ROYAL SHAKESPEARE COMPANY [illegible]

WESTMINSTER. CC 01-834 0283. [illegible] GAVIN AND THE MONSTER. [illegible]

WHITEHALL. [illegible]

WYNDHAM'S. [illegible]

YOUNG VIC (Waterloo). 928 6363. [illegible]

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189 Regent St. 734 0557.

TECHNOLOGY

EDITED BY ALAN CANE

LOUISE KEHOE explores Commodore's computer plans

Emulating the 'pop' machines

IMAGINE THAT each individual make of record player could play only the products of one record company and no other, and the problems caused by computer software which runs only on one make of computer, come into perspective.

Imagine also the effect in the market of the launch of a machine which could play records from all the recording companies — everybody's software, in other words — and it is clear why rumours that Commodore Business Machines is planning to launch a "virtual" microcomputer shook the microcomputer world last week.

Rumours

Aiming at the bottom end of the personal computer spectrum, Commodore International has improved upon its low-cost VIC 20 computer with a new model that offers 64K of internal memory, a cartridge game slot, music synthesiser and audio capabilities.

The 64 is designed to be hooked up to a TV set and is very much a home computer. It will be available in the U.S. this spring, and in Europe later this year.

But news of this latest product has, however, been overshadowed by rumours of what the company's next announcement is to be.

According to reported remarks of Jack Tramiel, Commodore's chief executive, at a recent consumer electronics show in Las Vegas, the company is planning to launch a computer system that will emulate the most popular machines made by Tandy, Apple and IBM, while selling for far less — below U.S.$1000.

The emulator would get its own computer power from a 6510 8-bit microprocessor — the same one that Commodore uses in the model 64. But by plugging in an extra microprocessor circuit board, the machine could be made to act as if it were, for example, an Apple II, or an IBM personal computer, then, in theory at least, the user could plug in and run software designed for one of the "brand name" machines.

Reactions to the rumoured emulator sent Apple's stock tumbling $2 in one day as investors perceived a threat to the company's market position.

The Commodore machine would have immediate access to the very large libraries of financial, text editing and business programs already developed for the popular Apple and Tandy micros without the need for expensive development itself.

"Commodore seems to be moving towards the universal machine concept which we expected the Japanese to do first," according to Mr Ulrich Weil, industry analyst for Morgan Stanley and Company.

"If Commodore does what it says it will," he predicted, "the hardware side of the personal computer market will take on a commodity aspect."

But while the emulator certainly sounds like an attractive proposition, industry experts are sceptical "I'm taking a wait and see attitude," says Jean Yates of the consultancy Gnostic Concepts. Others are more outspoken suggesting that Commodore will never be able to do it. Getting software designed for one system to run on another is not as easy as plugging in the right microprocessor chip, they point out.

There are lots of problems to be overcome, not the least of which is how disks that hold the programs are formatted, something that is different from one machine to the next.

Some personal computer manufacturers doubt that Commodore can carry out its plan.

Mr Steve Jobs, Apple chairman and founder, said: "I think the Apple II has a chance of becoming a commodity product.

"Sooner or later someone will figure out a less expensive way to build a computer that will run Apple programs, but I am sure we will manage to compete in the same way that Sony still manages to make a profit even though other companies make turntables that will play the same records that Sony turntables will."

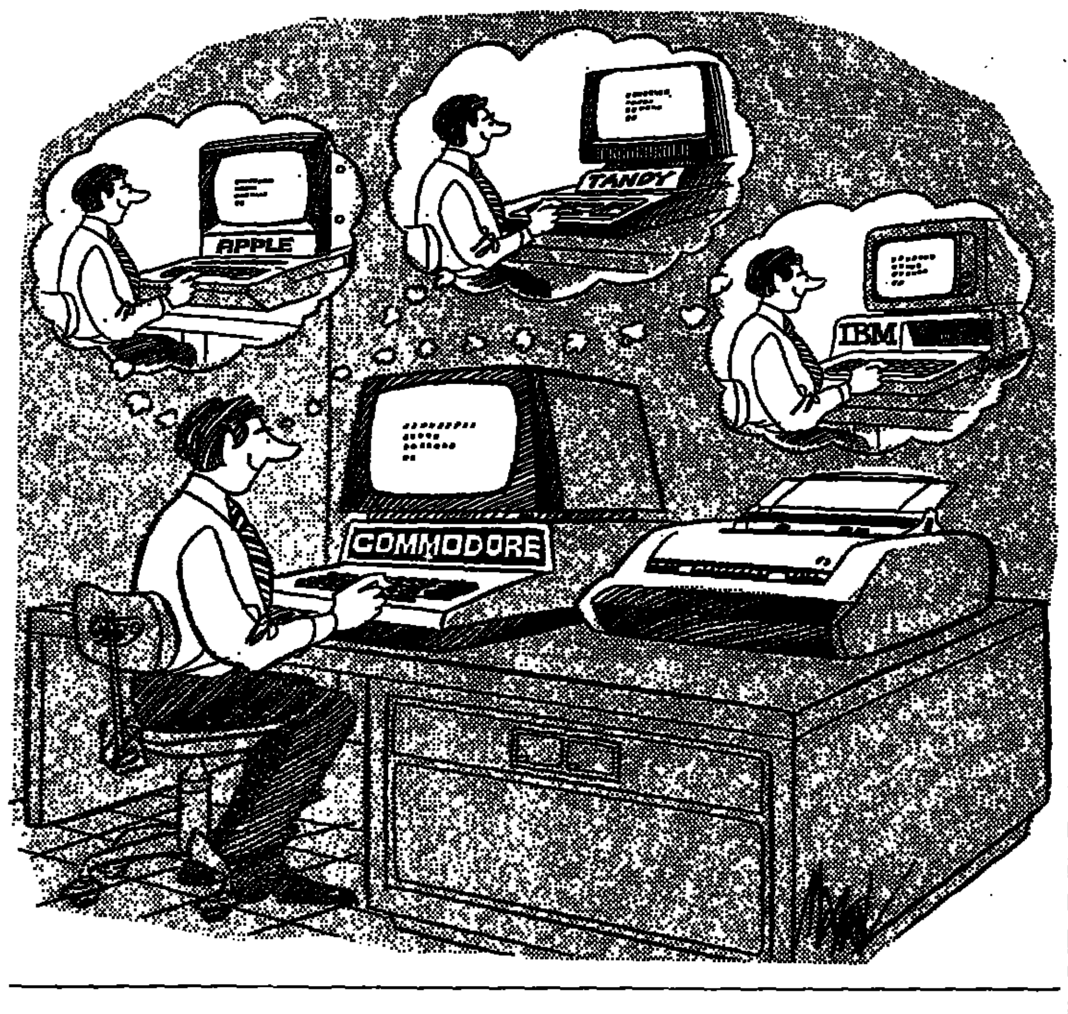
He doubted that the Commodore virtual machine could be made without violating Apple patents especially those involving Apple data storage devices:

Apple II computers can already be made to emulate Z80 based machines by plugging in an extra circuit board (supplied by independent vendors). This is one popular method of converting an Apple II into a high performance word processing system, since one of the most popular word processing programs happens to be designed to run on a Z80 system.

Label

Emulation does, however, involve using non-standard hardware and possibly non-standard software. It will, therefore, have little appeal (except for price) to the average user who needs the support of manuals and expert service.

While industry experts do expect software compatible "copies" of the most popular personal computers to appear before long, when they do arrive, the betting is that they will carry a "Made in Japan" label.



Universal Work Pillar

UNIVERSAL Work Pillar, the latest idea in work benches, has been introduced by Camero Marketing, 14 South Avenue, Farnham, Surrey (0252 725329).

The pillar consists of a floor-mounted column with a circular slotted plate on top fitted with a universal joint. The work piece may be held in position by bolts through the slots or G clamps. The joint can be locked in position by a foot-operated lever.

Height from floor to workplate is 830mm. The workpiece can be tilted and locked in any position from horizontal to vertical.

Valve for welders

THE Wescol hose check valve, which can be fitted to the inlet of a cutting or welding blowpipe, has been introduced by Welding Equipment Service of 60 Waterloo Road, Wolverhampton (0902 22227).

The Wescol valve is designed to prevent back-feeding of gases on unequal pressure within the system. The valve, the company claims, is designed to ensure gas flows in only one direction during operation.

Full technical details are available from the company.

Scrap cutter for metal strip

UNDER a sole agency agreement with Schwarz of West Germany, Welwyn Tool is now able to supply a scrap cutter for metal strip and skeleton waste working for material up to 3mm thick.

The cutter can be linked to a transfer press or sheet working machine and preset to make up to 60 cuts per minute. Maximum material width which can be handled is 300mm provided the tensile strength does not exceed 450 N/mm².

Two other models are included in the range with smaller ratings for cutting 2mm-thick material. These can be fixed or mobile.

Welwyn also offers a machine mounted scrap cutter to fit on the bed at the end of the working area. This can be designed to work synchronously with the machine's program control.

The relative distance of the separately controlled cutter heads can be adjusted for different material widths and punched strips with staggered spacing can be separated.

Welwyn Tool is at Stonehills House, Welwyn Garden City (Welwyn Garden 29121).

MAX COMMANDER

ARC technology succeeds in Japan

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

TECHNOLOGY developed by a British company could earn as much as £100m in licensing fees from Japan in the next 10 to 15 years according to one of the men responsible for its development.

ARC Concrete, a member of the Amey Roadstone Corporation group which in turn belongs to Consolidated Goldfields, says the process is known in Britain as Slimline. It involves the use of glass fibre instead of steel to strengthen concrete drainage pipes.

ARC started experimenting with glass fibre 11 years ago, mainly because of the high cost of steel in the UK. The process which it developed uses a specially designed feeder machine to deposit liquid concrete and glass fibre inside a spinning pipe mould.

The volume of glass fibre is about one tenth of the amount of steel needed to produce a conventional drainage pipe and the concrete is thinner. One result is the elimination of the bell ends on conventional pipes. These take up extra space and call for wider trenches than are needed for the slimline variety.

ARC demonstrated Slimline at the British Marketing Centre in Tokyo in May 1979, and received a positive reaction from officials of the Ministry of Construction who visited the exhibition.

Partly because of Ministry encouragement, seven of Japan's top drainage pipe makers have now signed licence agreements with ARC and one, Kurimoto Hume (a subsidiary of Kurimoto Iron Works) has opened a pilot plant to produce the pipes.

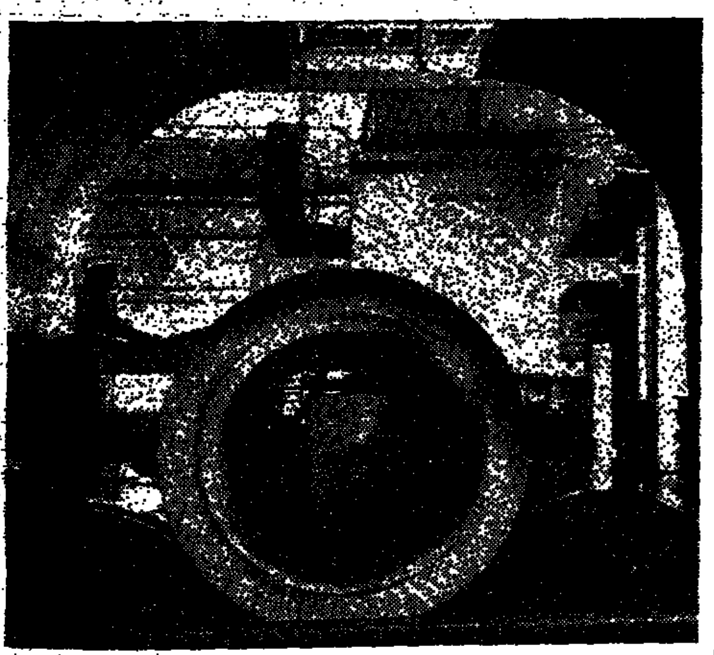
Kurimoto is expected to raise its production about tenfold from the present level of 5,000 tons per year by the autumn. By then ARC's other six Japanese licencees should be operating plants with capacities of about 50,000 tons each.

The Japanese market attracted ARC because only 30 per cent of houses are connected to sewerage systems. The government plans to increase the ratio sharply in the next few years.

About 4m tons of pipes a year are turned out by Japanese manufacturers, but this is expected to rise to 5m tons by the '80s as main drainage is extended to half of the country's homes.

ARC has sold its technology in Scandinavia, the U.S., South Africa and Hong Kong. The company has its eye on possible future demand in China and South East Asia.

ARC is at The Ridge, Chipping Sodbury (0454 316000).



The glass fibre and concrete feeder boom about to make a return pass through the spinning pipe mould at the pilot plant in Japan

Death of the valve

SO FAR as Mullard is concerned, the domestic receiving valve is no more. Having made over 1bn of them in the last 40 years or so at the Blackburn plant, the line has now been shut down.

The statistics are impressive: over the years the plant has consumed some 2m miles of wire, 25,000 tonnes of glass and about 20bn metal parts.

NOTICE TO HOLDERS OF

FUJITSU LIMITED

(Fujitsu Kabushiki Kaisha)
(the "Company")

U.S. $80,000,000 5½ per cent
Convertible Bonds 1996
(the "Bonds")

Pursuant to Clause 7(B) and (C) of the Trust Deed dated 28th May, 1981 under which the Bonds were issued, notice is hereby given as follows:

1. On January 6, 1982 the Board of Directors of the Company resolved to issue new shares of Common Stock through public offerings in Japan and outside of Japan on February 25, 1982 (Tokyo time). The number of new shares to be issued is 50,000,000 shares in Japan and 30,000,000 shares (in the form of European Depositary Receipts) mainly in Europe (excluding the United States of America).

2. Such issue of new shares may, upon issue, result in an adjustment of the conversion price of the Bonds pursuant to Condition 5(C) (v) of the Bonds. The conversion price of the Bonds in effect on the date hereof is Yen 732 per share of Common Stock.

FUJITSU LIMITED
By: The Bank of Tokyo Trust Company
as Trustee

Dated: January 26, 1982

Casella air sampler

WEIGHING ONLY 460 grams and measuring 118 x 74 x 44 mm, the AFC 123 air sampler from Casella London (01-253 8581) is a battery driven pumping unit that can be worn at the employee's waist to keep a check on the air he is breathing.

The pump, which has an input air flow adjustable between 1.0 and 2.3 litres/min., can have various heads attached to allow retention of dangerous fumes or dusts.

Alternatively a miniature cyclone head can be used to isolate the respirable fraction of airborne dust, or liquid/silica gel traps for collecting toxic gases or vapours.

To compensate for the build-up of contaminant being sampled, feedback circuits sense increasing demand on the motor driving the pump and adjust the motor voltage accordingly.

SCOTTISH TEXTILES

Scotland's reputation as a textile producer is based almost entirely on wool. And within the woollen side (the percentage of man-made fibres is relatively small) two sectors dominate: knitwear and woven cloth. The remainder of the industry deals with yarns, industrial textiles and carpets.

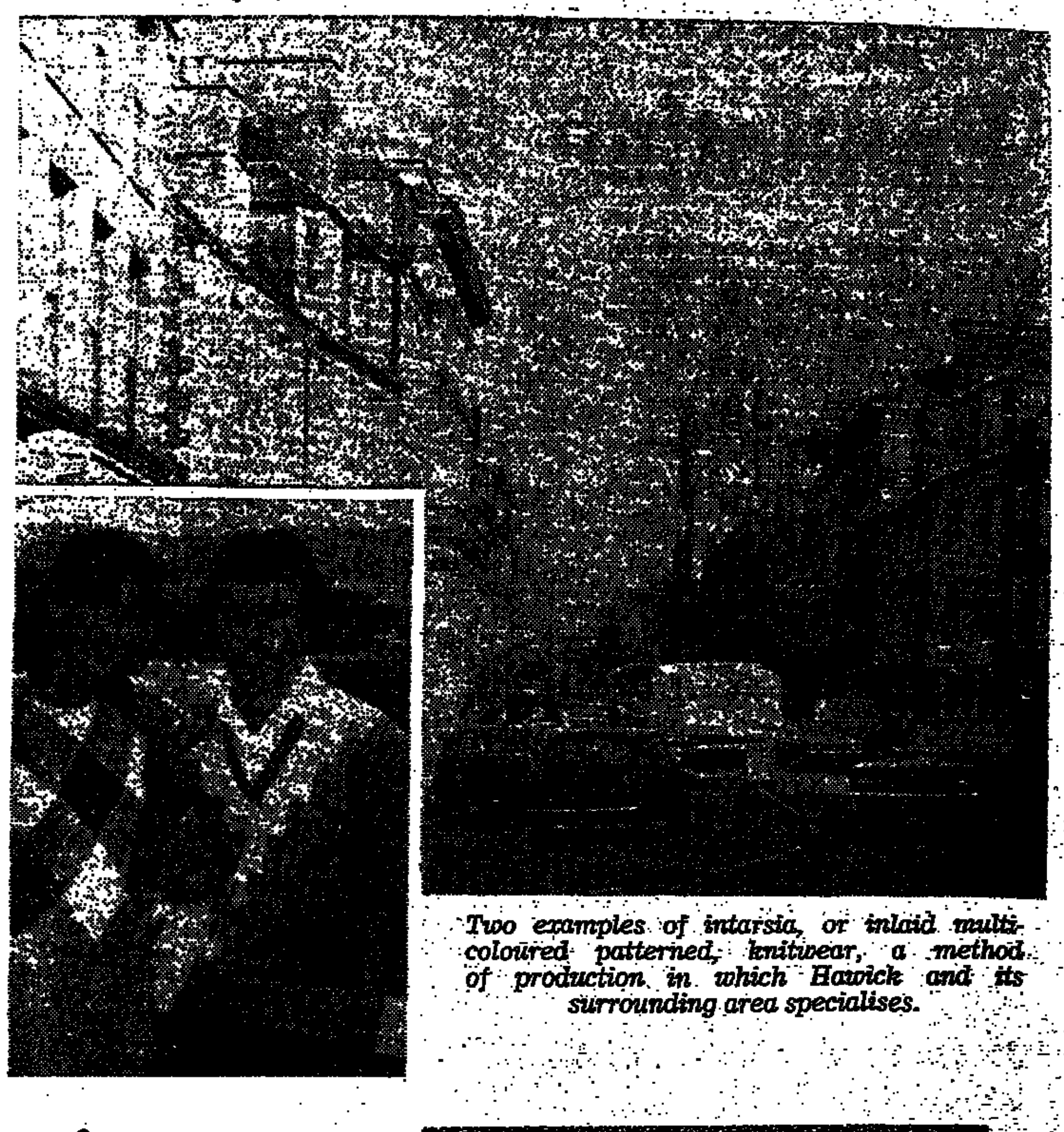
Because of its concentration on the top end of the market, selling to relatively affluent countries, the Scottish industry has weathered the crisis in the British textile industry rather better than in England. Its labour force has dropped, but not nearly so strongly, and so Scottish output is now a larger proportion of total UK production than it was three to five years ago.

The quality end-product comes through the industry's use of cashmere, mohair, camelhair, angora and alpaca. Its main markets are countries such as West Germany, the U.S., France and Japan, with strong emphasis on its tweeds and tartans.

The industry now employs about 50,000 people, a drop of about 9,000 since 1977. These are concentrated in two main areas—the Borders and the North East. Investment has been maintained at relatively high levels in woven cloth and knitwear and full advantage has been taken of government assistance to put in new machinery. But in both the industrial textiles and carpets sectors there have been severe redundancies in some firms and the level of prosperity here is not nearly so marked.

Although the workforce has dropped, in some parts of the country it is still difficult to find skilled engineers and loom mechanics. The oil industry has sucked away many of these skills from the industry in both the Grampian and Tayside regions though in the Borders labour turnover is relatively low because of the lack of alternative employment.

The success of Scotland in selling its products overseas will be a major factor in the continued prosperity of the industry. In knitwear and woven cloth probably 70 per cent to 80 per cent of output goes abroad.



Two examples of intarsia, or inlaid multi-coloured patterned, knitwear, a method of production in which Hawick and its surrounding area specialises.

The cherry on the knitwear cake

BY ANTHONY MORETON

ALTHOUGH THERE are no statistics to prove it there are probably more overseas business trips out of the small border town of Hawick, proportionate to the size of its population, than from any other town or city in Britain.

If that seems a large claim for a town of 16,000 people it has to be understood that the 20 knitwear concerns in the town, and others around it, such as Barrie Knitwear, Pringle, Lyle and Scott, Jaeger and Peter Scott, have to export to stay in business.

They are all operating at the very top end of their business. They make knitted woollen garments from cashmere and other expensive fibres and there simply is not a sufficiently large market in the UK to keep them in existence. They are, therefore, continually beating a path to Edinburgh airport and the great world beyond.

Furthermore, the Hawick knitwear concerns have traditionally marketed their goods directly to the retail trade rather than deal through middlemen so they have had to ensure their goods go to those places which will give them the greatest return.

Allocations

Not that this is a difficult task, even in the highly competitive knitwear world. Mr George Peden, managing director of Barrie Knitwear, says that for the last four years his company has given each of the retail outlets an allocation of sweaters, dresses, skirts, jackets and coats. "We simply cannot produce what they would take off us and we are not prepared to drop our standards to produce more.

"We have expanded over the past five to seven years to meet increased demand but this is a relatively labour-intensive part of the knitwear industry, demanding great skills, and so we must ensure that those skills are not dissipated in poor production."

Mr Peden's words would be echoed by any of the other manufacturers in Hawick. This small town is what Mr Archie Purvis, secretary of the Scottish Knitwear Council, calls "the cherry on top of the knitwear cake." That contention is borne out by the figures.

In the 12 months to the end of September, 1981, Hawick's knitwear manufacturers had a combined turnover of £57.23m compared with £52.86m in the previous 12 months. This figure compared to a total knitwear turnover for Scotland of £96.99m (and £94.45m in the 12 months to September, 1980).

All the concerns in Hawick are working in natural fibres whereas there is a sizeable percentage of companies in the rest of Scotland using artificial fibres and cheaper wools in combination.

The difference between Hawick and the rest of the Scottish industry is also a matter of production. Hawick uses flatbed machines needing a high labour content whereas the cheaper end of the garment known as the cut-and-sew sector, is more capital intensive.

Hawick and its surrounding areas can afford to concentrate on the quality goods because these are doing much better than the rest of the trade. Its markets are the affluent ones like Germany, Japan, France, the U.S. and Canada and it concentrates on producing branded goods.

This does not mean its firms have to be big. Glenevan Mill, in nearby Innerleithen, has just 14 employees, 10 of whom are knitters. Glenevan is thought to be unique because it is probably the one company in Scotland which depends wholly on sales of intarsia knitwear.

Intarsia, an expensive production process, is the system by which complex and multi-coloured designs can be translated into knitwear, such as floral schemes containing up to 10 shades. Simple designs, such as diamond shapes, can be produced by machine but more complicated shapes cannot.

Taking Scotland as a whole there are probably some 8,000 people employed in knitwear and although there have been redundancies in the last few years, partly due to the introduction of new machinery, sales of fully-fashioned outerwear have been growing at about 5 per cent compared with somewhere around 4.4 per cent for the whole of the UK.

The industry is dominated by one company, Dawson International which trades under blue-chip names such as Barrie, Pringle, Braemar, Glenmac, Gladstone and Ballantyne. It has just under 7,000 employees, though not all these are in knitwear since the company is also in spinning, fibre processing and merchanting.

What one outside observer described as the "sheer management efficiency" of the group has contributed materially to the prosperity of the Scottish knitwear industry, although there is no doubt that this expertise is found in most of the knitwear companies.

If there is an area of weakness it is that insufficient drive is being put behind marketing the products as Scottish goods. Most of the manufacturers want to link the product with their own brand name and in a world that is seeing famous names such as St Laurent, Klein, Gucci and Quant predominate this is natural.

But the word Scotland carries with it a valuable cachet and the industry might do well to pay more attention to a marketing label incorporating the saltire or the thistle.

Orderly contraction for jute

THE STORY of jute in Dundee is one of perseverance in the face of decline. From an industry in its heyday between two world wars, only a few firms remain and even the list of members of the association of jute spinners and manufacturers in 1968 appears to have been thinned by a whiff of economic grapeshot cutting its ranks down from 29 to 12.

A world overcapacity in jute, the impact of imports from India and Bangladesh and changes in both the recent fortunes and production methods of the carpet industry lie behind the plight of this industry.

In the mid-Sixties some of the manufacturers in and around Dundee saw the dangers ahead for jute and diversified into synthetic substitutes—so-called polyolefin textiles which enabled them to look for new markets.

Some 70 per cent of jute goes for the backing of carpets. It is still used for woven carpets and jute producers say the round high quality jute fibres account for the bounce in up-market carpets.

Jute is also used for roofing felt, damp coursing and for hessian sacks. The synthetic market, although a diversification from jute, has been equally dependent on the carpet industry, in particular for tufted carpets. About 60 per cent is supplied to carpet makers, according to the British Polyolefin Textiles Association. Polyolefin textiles also have been used for sacks and in road construction.

The recent decline of the carpet industry which itself was feeling the draught from the U.S. and Belgium, meant that both jute and the polys, as they are known, have suffered. In terms of bales of jute the industry is manufacturing only about 35 per cent of its output 10 years ago while the deliveries of carpet yarn are now less than half what it was six years ago.

The polyolefin textile association members, hurt by tufted carpet imports and foreign competition as well as world overcapacity and increases in polymer costs, suffered their first downturn in 1980 only producing for the home market about 13,000 tonnes compared with the previous year's 15,500 tonnes.

Determination

Among the band of jute producers still operating—most of them in Dundee—there is a determination to hang on. Their policy in the face of Asian competition has been to move up-market and promise customers, especially those in Britain, a source of supply less subject to political ructions.

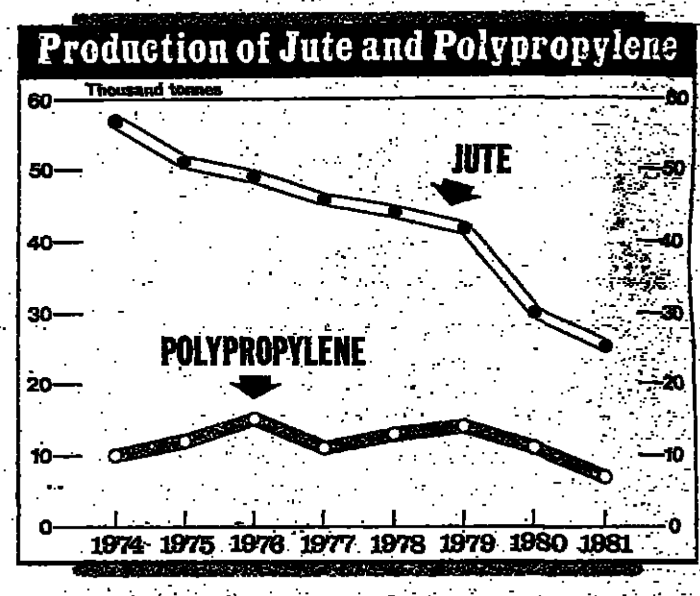
It was the creation of East Pakistan—now Bangladesh—in 1947 that had the effect of doubling the world output of jute. Although the industry started in the last century in Dundee it was quickly taken up by Indian producers closer to the jute crops. With the creation of Pakistan supplies of raw jute from East Pakistan were no longer all funnelled through Calcutta as the region set up its own industry and vastly increased world production capacity for a shrinking market.

Today, agreements between the EEC and India and Bangladesh place quotas on imports of the small range of high quality speciality jute manufactured material produced in Britain. These aply until 1983 when all restrictions will be lifted.

In Dundee, the jute industry was taken up because the region had a history of textile production. Its centre as a whaling port encouraged the use of whale oil to soften the jute fibres in the spinning process. In better days before the Second World War, the industry employed about 30,000 workers, a figure which had shrunk to 6,000 by 1976 and today has dwindled to about 3,500.

One aspect which has allowed a relatively orderly contraction in the industry has been a record of good industrial relations. Manfacturers have praised the understanding by the trade unions of the plight of the industry and a readiness to help find and reach the right production levels.

Mark Meredith



SCOTTISH TEXTILES

Harris tweed keeps its top place

ANTIQUATED MAY be beautiful in terms of Harris tweed. In the Outer Hebrides it is easier than on the mainland to buck some of the economic trends and survive with a partly cottage-based industry.

Harris tweed has survived to put on a confident face while much of Britain's textile industry frowns. With a painful bout of rationalisation behind it and successful marketing tactics to keep it growing, the tweed industry looks to a promising future.

At the heart of the industry are three factories on the Isle of Lewis in the Western Isles. The mills card, spin and dye wool and farm it out to about 680 independent weavers working on pedal-driven looms in cottages and huts dotted about the islands. The mills finish off the woven tweed for the market.

There is nothing unique about the ability to make tweed on the Outer Hebrides and the manufacturers on Lewis have been worried in the past by cloth from Yorkshire and elsewhere. But what their mills have which is unique is the protection of a joint trade mark, the Harris tweed insignia stamped on the cloth. It is a self-imposed and financed certification of exclusivity; a mark of authenticity and a working example of quality control.

"It means that while other tweed manufacturers have to move down market to find new demand, we can maintain our position near the top end through this guarantee," explained Mr Derek Murray, the managing director of his family-owned mill, Kenneth MacLeod in Shawbost on the remote western shores of Lewis.

The orb mark was established by the industry in 1909 to certify Harris tweed. It has become the chief function of the Harris Tweed Association and each producer contributes to the running costs of having certifying officers in each mill by paying 5p a metre of production.

The fees cover the administration of the Association with its headquarters on the main*land at Inverness, the pay of* the certifiers who work independently in each mill stamping every three metres of cloth, and the costs of litigation to protect the Harris tweed symbol. The Association has already successfully fought a mainland producer trying to label his cloth Harris tweed.

The orb mark on tweed—the one which usually finds itself in a prominent place on the lining of a jacket or suit—certifies that it is made from pure virgin Scottish wool which has been dyed, spun, woven and finished in the islands of the Outer Hebrides.

Protected

This certification system has protected the industry from its competitors and at the same time allowed it to continue its traditional system of production which makes good use of the islands' human resources.

The Harris tweed mark gives the industry an individuality other tweeds cannot match.

The confidence of today's Harris tweed producers follows nearly two decades of uncertainty and consolidation—some would call it a dangerous period of contraction.

In the early 'sixties the industry had a serious overcapacity—over-spindleage as the manufacturers called it. There were six mills and about 1,000 weavers at one point.

On top of this came about 15 so-called converters who would take yarn from the mills, design their own tweed, send it off for weaving and then return the product to the mill for finishing.

It was a productive but not a happy era in the memories of the family firms who run the industry today. Jealousies were rife and co-operation practically non-existent.

In many ways the record 7m *yards of tweed produced in* 1960, does not point to the sector in its heyday but rather a ramshackle industry with many mills each trying to out-produce the other.

A period of mergers, closures and consolidations started as a slump hit Harris tweed at the end of the Sixties. From the 7m yards, output dropped to 2.6m in 1975.

Employment fell from 900 to about 400 mill workers and the 1,000 weavers contracted to fewer than 600.

The proportion of tweed exported fell sharply. One mill needed outside financial assistance, another sought an outside buyer and a third nearly went to the wall.

Today Kenneth Mackenzie Holdings is the largest producer of Harris tweed with about half ofthe market. The mill, once spread about in several buildings on the island. It was consolidated by Kenneth Mackenzie, the present managing director and heir to the family business, onto one site on the outskirts of Stornoway.

Mr Mackenzie has kept the family quality in the company while turning it into an international company, Scottish-English and European Textiles 12 years ago.

Mr Mackenzie feels that tweed production throughout this small industry has now reached its most efficient and economic level to meet demand in a relatively depressed market and make best use of the existing resources of the islands.

Clansman Holdings near by brought together three family firms, S. A. Newall and Sons, Thomas Smith and Stephen *Burns.*

The group found itself with heavy over-capacity and costs in 1975 and was assisted with loan and equity participation from the Highlands and Islands Development Board and the ICFC.

Three factories on the Isle of Lewis card, spin and dye wool before farming it out to 680 independent weavers working on pedal-driven looms in cottages

Good season

Mr I. W. Lawrence, one of the directors, reported a promising export performance and a good season behind the firm which now holds roughly a third of the market.

Kenneth Macleod in Shawbost is the smallest and most recent of the three mills employing 60 workers, about half that of Mackenzie, having been formed from a tweed merchant business set up by Mr Derek Murray's grandfather in 1934. Despite the pressures of the past 10 years the company has retained its independence.

The mill has become very much a focal point for the small community on the west coast of Lewis. All three mills report a more cordial, co-operative working relationship compared with the rivalries of the past. They produce the same material under the one generic mark and will help each other through a crisis brought on, say, by machine failure. But competition for export markets remains strong.

Each mill appears to have a favourite export outlet, one looking to a European spread for a large part of its sales, the other to the U.S. and a third doing well in Canada as well as the U.S.

Each has a resident designer and the mills produce hundreds of new patterns for the spring and autumn fashion seasons. Great attention is paid to customer relations.

The three rely on good overseas agents and Clansman and Kenneth Mackenzie trade under various names familiar with regular clients.

Every day lorries leave the mills with hessian sacks filled with weft and warps for the island's weavers. The 680 weavers are members of a centre which has charge of distributing work evenly to prevent production stoppages and to feed all members with work equally according to their requirements and abilities.

Attached to each bag is a card with the pattern details sometimes requiring as many as five different colours of thread *used in the weaving process.*

The weaver, usually working in a hut behind his house or cottage, powers his loom by foot which requires some energy—it is rather like cycling up a gentle hill on an old bike.

The finished 80 yards or so of cloth making up the tweed is returned after two or more days for cleaning and finishing as well as certification at the mill.

Whatever the advantages of their protected production and well-cultivated market, the industry has one permanent *problem—distance. The tweeds* must be taken on the ferry to the mainland for delivery. It is a three hour ferry ride and one which unavoidably adds to the costs of the cloth.

Mark Meredith

Carpets find survival kit

THE EYE of the storm has passed through the carpet industry in Scotland. The casualties have been heavy and the survivors have shown that they can hang on through the worst.

The worst came in November when BMK Carpets in Kilmarnock called in the receivers. A household name for its Axminster carpets, BMK was in serious difficulty and although the receiver was looking for a buyer for a working factory, the plant's 1,500 workforce faced an uncertain future.

In December another company, Forfar Carpets also called in the receiver. High interest rates placed the future of its tufted carpet range as well as the jobs of its 40 employees at risk.

Thomson and Shepherd in Dundee, part of the Sanderson group, closed down Axminster production with the loss of 100 jobs.

At Elderslie, near Glasgow, Stoddard Carpets, now the UK's second largest producer, hoped the worst was over. Sir Robert Maclean, Stoddard's chairman, hoped for a return to profit after two years of serious losses.

The recessionary storm was aggravated by imports of cheap carpets and world overproduction. Belgium and the U.S. exported tufted carpets at the lower end of the market and made life misery for UK producers. American producers, according to the British, were able to pay 20 to 40 per cent less for their raw materials.

What makes the UK market *particularly vulnerable is its* easy penetration by imports. It is one of the most concentrated carpet markets in the world according to Scottish producers. Importers need *only get to know 14 people,* they say, to have potential access to 50 per cent of the market. In West Germany there might be 1,000 outlets.

***Stoddard's survival kit has* looked like this. A spread of product range from tufted, through bonded carpets up through the more exclusive Axminster and woven ranges.**

Stoddard has been able to improve the top end of the market by reducing capacity for Axminster. The group closed down production at *Henry Widnell and Stewart* at Eksbank near Dalkeith, but kept on the sales and design staff.

The company also has kept *on its other names, including* Templeton which came in with Stoddard's purchase of the Guthrie Corporation's carpet interests, Kingsmead and Lyle Carpets, last year.

M. M.

Export buoyancy aids woven cloth

THE ABILITY of the manufacturers of woven cloth to send a large proportion of their output abroad, and particularly to the affluent high-income markets, has contributed to the success of this part of the Scottish textile industry weathering the recession rather better than its counterpart in Yorkshire.

Some 73 per cent of Scottish output of woven cloth goes *abroad directly and when made-*up garments are included the proportion is almost certainly over 80 per cent.

Exports in 1980, the last year for which full figures are available, reached £42.5m according to the National Association of Scottish Woollen Manufacturers. This was a threefold rise over the £14.6m recorded as recently as 1975 and even allowing for inflation this is a very substantial increase.

The statistics also show that exports are now playing a more important role for the industry. In 1975 they accounted for half turnover by value compared with 73 per cent in 1980.

The European Community is the main destination for the cloth, taking 57 per cent of all sales in 1980. Within this figure West Germany takes 29 per cent followed by Italy with 9 per cent.

The U.S. is the second largest market, taking 19 per cent directly of Scottish cloth, compared with 20 per cent in 1979. *Despite this slight setback,* exports to the U.S. have been rising steadily and consistently since 1976.

The actual amount of Scottish cloth going into America is larger than the figure of 19 per cent would indicate. Woven cloth has to overcome an extraordinarily steep tariff wall imposed by the U.S., and Scottish manufacturers *have been look*ing at ways of circumventing this.

The cloth has to surmount a 48 per cent barrier, which is upsetting to the manufacturers who see Harris tweed entering tariff-free. The reason for the latter is that Harris is categorised as a hand industry, on which no duty is levied.

Garments, however, only have to pay a 22 per cent duty and so Scottish manufacturers have been sending their cloth to Hong Kong and having it made up there for onward shipment to American markets.

SCOTTISH WOVEN CLOTH

	1975	1976	1977	1978	1979	1980
Output (m square metres)	12.4	13.8	15.85	15.22	13.85	14.4
Turnover (£m)	27.2	36.7	51.7	55.8	54.2	58.0
Exports (£m)	14.6	21.9	30.6	32.0	34.5	42.5
Main markets (%):						
U.S.	7	14	15	16	20	19
Canada	5	5	7	5	7	5
Japan	7	6	8	8	9	6
EEC	52	55	55	54	50	57
Rest of Europe	19	12	9	10	9	7
Others	10	8	6	7	5	6
Permanent employees	6,600	6,650	8,450	8,400	7,800	7,300
Total assets per employee (£)	4,650	5,340	5,280	6,440	8,090	8,600

Source: National Association of Scottish Woollen Manufacturers.

Offset

Preliminary indications are *that there was some decline in* sales to Germany last year though this may have been offset by better trading in Japan and the Nordic countries.

In volume terms, the woven cloth sector produced 14.4m sq m of cloth in 1980, a rise on the 13.85m in 1979 but somewhat down on the peak year of 1977 when output reached 15.85m sq m.

Despite this drop over the three years output per man has increased considerably as new machinery and lower manning levels have been introduced. There was a drop of 1,150 workers in this period to 7,300 but at the same time assets per employee have gone up from £5,280 to £8,600.

The one item of cloth that is most associated with Scotland is, naturally, the tartan. There are some 400 tartans produced although the market is dominated by a small number of names such as MacDonald, Stuart and Campbell.

All the weavers turn out a range of tartans but the market is dominated by Macarthur of Hamilton which is running its production lines around the clock and shipping its goods around the world.

Tartans—kilts, scarves, blankets — probably account for about 10 per cent of Scottish woven output. There is also a large output of tartans abroad, especially in the Far East.

Tartan production is subject to a cycle lasting about four or *five years. Production was good* in 1980 and probably came off the top last year and is expected to drop a little more this year, although anyone standing on the Scott memorial in Edinburgh's *Princes Street and watching the* passers-by might find this difficult to accept.

Apart from tartans, many of the manufacturers have managed to do well through strong *brand attachment. This is par*ticularly true of Crombie which, with some 500 employees, supplies up-market products, especially its famous overcoat, from its Aberdeen factory.

Crombie claims to have the biggest woven cloth mill in Scotland and 90 per cent of its product goes into overcoats which, largely, carry a Crombie label. The company, which is part of the Illingworth Morris group, has moved recently into cloth for scarves, rugs, tweed suits, sports jackets and women's clothes and it has been helped by the fact that the Far East has not entered this high quality end of the market and many European producers have pulled out.

Cashmere, one of its main additions to lambswool, is extremely dear yet Crombie finds it easier to sell a pure cashmere cloth than one which is a 50:50 mixture. The next biggest seller is 90 per cent lambswool 10 per cent cashmere. In each case the buyer is paying more *for a product which is better* than the general run of cloth on the market.

It is this quality product which has done so much to ensure the success of the Scot*tish industry and one which the* weavers intend to continue.

Anthony Moreton

MANAGEMENT : Small Business

EDITED BY CHRISTOPHER LORENZ

Proposals to the Chancellor include start-ups changes

Tim Dickson lists the budget demands of the main lobbyists

PATRICK JENKIN, the Secretary of State for Industry, and John MacGregor, the Small Firms Minister, will by now have finalised their proposals to put to Thursday's special Cabinet meeting on the Budget. Following its innovations in the past couple of years it seems certain that the Government will once again wish to demonstrate its commitment to the future of this important sector with measures which will also add some extra glitter to the overall Budget package.

Suggestions on what should go into the Chancellor's famous Budget box have come from a wide variety of small business interests. All, of course, are agreed that the burden of taxation on small firms should be significantly reduced. But there are a large number of separate proposals, which in some cases overlap and in others conflict.

Given the independence and diversity of the small business sector it would perhaps be disingenuous to expect total unanimity. More co-ordination, however, would make life easier for legislators while criticisms like Stan Mendham's might as a result not be necessary.

"We feel very strongly that have bee ntoo broad brush," says Mendham, who is chief executive of the Cheshire-based Forum of Private Business.

The Forum, which last week published a survey indicating that small businesses last year may have made no impact on unemployment, has not yet finalised its detailed Budget proposals. It will include what will doubtless prove controversial plans for an amnesty in the black economy, incentives to encourage more employees in large companies to set up their own firms, and specific measures to help "static" companies change product or move location.

Sir Geoffrey Howe: will he provide some extra glitter?

Ambitious

The Confederation of British Industry, chief among industry lobbyists, has also yet to produce its formal submission, though others such as the Association of Independent Businesses (AIB), the Union of Independent Companies (UIC) and the Institute of Directors have each published detailed suggestions.

Here then is a list of the sort of "small business" issues—besides such obvious ones as income and capital taxes generally — which lobbyists are hoping will be given a good airing in the Budget.

Business Start-up Scheme. Introduced a few months ago, this gives individual investors relief at their top marginal rate of income tax on investments in a start-up to the value of £10,000 a year for the three years the scheme will operate. The UIC is keen that relief should be extended to working directors and employees (up to £1,000 or a maximum of 5 per cent of the company's equity per employee). Relief should be given to outside investors in respect of more than 50 per cent of the share capital. The AIB, meanwhile, is even more ambitious — relief should be extended to investors in all UK unquoted shares, not just "start-ups," it feels.

The CBI is also likely to repeat last year's demand for Small Firms Investment Companies (SFICs). Unlike funds, such as Electra, set up under the Business Start Up Scheme, SFICs—first mooted by Sir Harold Wilson's committee on the working of City institutions—would be limited companies open to institutional as well as private shareholders (with some tax advantages for the institutions as well). The CBI feels they would be more attractive to individuals and, being marketable, would provide the investor with a better opportunity to realise his stake over the longer term.

Loan Guarantee Scheme. Under this the Government provides a guarantee of up to 80 per cent of a bank loan in return for a 3 per cent premium. The UIC feels that the present limit of £75,000 should be extended to £250,000 (£500,000 in special employment and export situations), the premium paid to the Government should be reduced from 3 to 2 per cent, or lower, and the banks should be stopped from charging as much as 2½ per cent over base rate on the guaranteed portion of the loan.

Corporation Tax. At the moment the small companies rate is 40 per cent on profits up to £80,000. This is clawed back, however, by higher marginal rates between £80,000 and £200,000. The IoD feels this clawback should be removed and all profits over £80,000 should be taxed at a main rate of 50 per cent. The UIC calls for the retention of the 40 per cent even when the first £80,000 tranche has been exceeded and graduated rates thereafter should lead up to 52 per cent.

Small Workshop Scheme. This allows investors in small industrial buildings to claim 100 per cent capital allowances in the first year. At the moment, however, this concession is restricted to buildings which have a specific industrial use. The AIB and UIC both argue that this should be extended to all commercial buildings. The CBI is also understood to be keen on this idea.

Generation

Tax relief for loan interest. This is not exclusively a small business issue but it is thought it will be a front runner in the Budget and could greatly help small firms. Put forward by the Conservative study group headed by Michael Grylls, head of the Tory party's small business unit, the idea is that medium to long term loan interest payable on funds for defined industrial projects should be paid by the borrower after deduction of an amount equal to corporation tax. The deducted amount would be made up by the Government, which would get its money back by not allowing the borrower to offset interest payments against tax.

Capital Transfer Tax. A lot has been achieved in this respect for small businesses in recent years but further concessions are being sought. The UIC considers it "imperative" that full deferment of CTT *should be given on gifts of* shares in exempt trading companies to the next generation of owner/managers wholly employed in the business. To avoid some of the present distortions the UIC also feels that all business reliefs should be abolished and a straightforward 50 per cent reduction applied in the rate of CTT applicable to transfers of gifts or business property. The IoD is going for further overall reductions in the tax "without doing so by special favours" to the business community.

Other proposals include a suggestion that the first £5,000 of self-employed income should be exempt from tax in the early years of a new business (IoD), more effective taxing of short-term capital gains and "fringe benefits" (UIC), and an increase in the limit of £1,000 which can be allocated to an employee in any one year under an approved profit-sharing scheme (also UIC).

Finally, large companies appear to have persuaded ministers that they should be rewarded for helping small firms through the 50 enterprise trusts that have sprung up around the country in the past few years. Tax concessions on contributions to the trusts, canvassed by big business a year ago, are now expected to be included in the Budget.

TREVOR BARKER is an enthusiastic supporter of the principle of the Government's Business Start-up Scheme. But he is convinced that changes are needed if it is to attract the kind of money he feels is available to be invested.

The scheme—introduced in the 1981 Finance Act—allows *individuals investing* in start-up investments full relief at top marginal rate of income tax of up to £10,000 a year for the three years the scheme will operate.

For much of the past six months Barker has spent his time raising badly needed capital for Peterlee Wallpaper, a fledgling venture of which he is chairman. It is a task which he recently completed when four individual investors—an elderly widow, a local businessman, a stockbroker and a retired director of ICI—agreed to put up £25,000 between them.

Reliefs available under the Business Start-up Scheme, Barker stresses, provided a crucial incentive for Peterlee's new backers. He also points out, though, that the deal could have been settled with much less fuss and much more quickly if certain legislative hurdles had not been placed in the way.

"The Business Start - up Scheme is a very good idea," he says, "but once it got into the hands of the Parliamentary draughtsmen it became in parts almost unintelligible. There is a lot of money floating around which could be attracted to new companies with this sort of incentive but the scheme will have to be opened up and some of the barriers removed."

'I knew the Business Start-up Scheme would be helpful in this situation... but it will have to be opened up and some of the barriers removed'

Mike Arron

Trevor Barker: wants to get tax relief if he invests in his company, Peterlee Wallpaper

The story of how Peterlee Wallpaper came to need new capital goes back to August 1980 when Berger Jenson and Nicholson decided to close down Arthur Johnson (Paper), a wallpaper manufacturing subsidiary with sites at Peterlee and Guiseley.

After unsuccessfully opposing the proposed closure—the Peterlee workforce even produced a report entitled "An Alternative Strategy"—the employees of both factories were determined to go it alone. Guiseley achieved unwanted national notoriety as an ill fated co-operative but the Peterlee workers took a separate and so far more rewarding course.

The primary theme of their alternative strategy was that wallpaper manufacturing should be rationalised on one site, marketing strategy should be reappraised and manning should be drastically reduced. Thirty-five of the 106 employees at the Peterlee site responded initially to the idea of taking over their own business. After three meetings the number had fallen to 25 and from this total 16 were eventually selected by a committee.

At this point a decision was taken to set up a limited liability company, not a co-operative. Those involved realised the need for practical decision making and the importance of attracting outside skills, particularly in the field of design, selling and marketing. In November 1980 Tony Garrett, a man with considerable experience in the wall coverings industry, was appointed managing director.

The 16 ex-Arthur Johnson employees showed their commitment by putting up their redundancy cash (varying from between £1,000 and £5,000 per head) for an equity stake and following negotiations with Berger this money was used to buy the old plant and machines, raw materials, stock and office equipment from the former parent. (A "knock down" price of around £32,000 was agreed.)

Further help seemed to be at hand when two major customers of Arthur Johnson—wholesalers in the Midlands and North East—offered to put up £12,500 each for a 10 per cent stake in the equity. Plant and equipment was sold to the Industrial and Commercial Finance Corporation (ICFC) and leased back (thereby realising an immediate capital profit) and with a Regional Development Grant and working capital provided by Barclays Bank, trading began in April of last year.

Almost immediately disaster struck. Both wholesalers ran into financial difficulties and withdrew their funds leaving the new company with 20 per cent of its share unissued.

Barker, who had been brought in as chairman on ICFC's suggestion, was the man with the job of filling this gap. A former accountant, he turned to business in the 1960s and built up a travel company which he sold out to Ellermans in 1976. Today he spends most of his time chairing the Findlay Hardware Group, of Glasgow and John Crowther Group of Huddersfield where he has bought a major stake.

"I knew of the Business Start-up Scheme because it had been announced in the Budget," Barker recalls, "and it suddenly clicked that it would be helpful in this situation."

His first move was to buy shares in Peterlee on his own account but as paid chairman of the company he was aware he could not set off the investment against his own tax bill. "The other employees are in the same boat which I think is ridiculous. This is a major handicap in get*ting people interested*."

After checking that Peterlee would qualify — it was less than five years old and clearly was not excluded by the legislation — it seemed safe to proceed. At this stage, however, the complications began.

One major point which worried Barker was the definition of the word "associate". The legislation makes clear that neither the investor "nor an associate" (excluding brothers and sisters) may be an employee, partner or paid director of the qualifying company or any of its subsidiaries.

"One of my co-directors on another company was keen to participate but he must be getting pretty close to being an associate of mine and I am of course a paid director.

"Furthermore, what about stockbrokers? The Stock Exchange has broadened the word "associate" to mean anyone who has given discretion to someone else to act on their behalf. My stockbroker happens to be empowered to do this so does this mean that he or indeed his clients would not be able to claim relief on an investment in Peterlee?"

Another problem Barker foresees is what happens if the company is taken over. Shares have to be held for five years to obtain full relief but if Peterlee is bought by somebody else after say, three years, some of the tax advantage may be clawed back. "It may be that investors will be sitting on a nice capital gain but the five year rule does inhibit any restructuring of the company's capital. This could be restrictive if it is growing quickly."

The disqualification of overseas investors, he says, is also "a drawback" and the effective ban on shareholder perks ("Why can't a good shareholder, for example, buy wallpaper at cost price without jeopardising his tax relief") is another "irritant."

Barker also feels that an individual investor should be allowed to claim relief in respect of more than 30 per cent of the capital and that overall relief should be available for more than 50 per cent of the equity, which is the current limit.

"Small businesses like Peterlee cannot offer big salaries in the early days," he says. "The only way that more people like me are going to be attracted is if the scheme is made less restrictive."

T.D.

In brief

PETER DABELL, the recently retired chief executive of CoSIRA (Council for Small Industries in Rural Areas) has been appointed part-time business adviser to the London Chamber of Commerce. Dabell, who ran CoSIRA from 1974 until April last year, will be looking in particular at the small business services of the London Chamber, where three-quarters of the members employ less than 50 people.

•

THE GOVERNMENT'S loan guarantee scheme is helping to launch a new publication aimed at throwing light on the technological developments of all major sectors of the economy.

Called Technology Week, the journal will be absorbing launch costs of around £100,000, part of which has been raised through the loan scheme. Technology Week, which will make its debut next month, is the brainchild of Nicholas Leonard, who is putting up all the funds not covered by the guarantee. A former editor of the Irish *Times*, Leonard is now a director of two Irish companies, Fitzwilton and Independent Newspapers, as well as Atlantic Resources.

Leonard is also founder of Business and Finance, an Irish financial weekly, and a moving force behind two small London-based computer businesses.

REMOVE THE BURDEN OF CORPORATION TAX

Our successful and profitable corporate clients now arrange their affairs, with our assistance, so that they pay little or no corporation tax.

This can be done with virtually NO RISK and will result in a substantial increase in asset value accumulated in the company. For full details, without obligation, just write your name on a company letterheading and post to me today.

Managing Director (Dept. FCR)
ACKRILL, CARR & PARTNERS LIMITED
Tricorn House, Hagley Road, Birmingham B16 8TP
(We regret no telephone enquiries can be accepted)

GOOD NEWS

for profitable companies needing to retain asset values and further increase profitability

CONTAINER FLEET MANAGEMENT

provides a secure and unique opportunity to share in the profits of the international container industry
Companies with pre-tax profits in excess of £80,000 should act now by contacting:

The Managing Director
Transcontainer Marketing Ltd.
32 Chesham Place, London SW1 8HB
Tel: 01-235 0591/5 - Telex: 916 302

SMALL FINANCE COMPANY WANTED

Investor wishes to purchase outright, or would consider controlling interest. Must have good profit record and management which will remain. London or Home Counties preferred.
All replies treated in strict confidence to:
TEBWAIN LTD.
3 Woodstock Street, London W1R 1HD
For the attention of G. Felber, Director

IMPOSSIBLE?

A building product. 100s of uses, with the following advantages: Stronger; More solid; Quieter; Safer; Drier; Warmer in winter; Cooler in summer Interested? Send for full details of this material and the products we manufacture.
Portable Cabins and Link Unit Buildings constructed in this material, fitted out for Living, Industrial, or Leisure Purposes, insulated all round to cope with both extremes of climatic conditions at very competitive prices. Ideal third world living accommodation. Despatched *in knock-down form for easy self erection, with vast savings on* transport and shipping costs. Full training and technical back up service. You have a choice of package to suit your requirements. Capacity of 250 cabins a week from our assembly lines.
Shipped anywhere in the world

R. A. L. LAMINATED PRODUCTS
Full Sutton, Stamford Bridge, York YO4 1HS
Tel: 07596 402 - Telex: 57875

ACQUISITIONS REQUIRED

Service Industries, Distribution Industries, minimum size £10m
Maximum size £100m

Principals only unless agents retained by vendor

Write Box F2871, Financial Times
10 Cannon Street, EC4P 4BY

LEASING DIGEST — Airfinance Journal

Both of these publications are known worldwide, and free sample copies are available. The 1982 World Leasing Yearbook is now on sale —detailed reference on 37 countries in 304 pages. Send for brochure.
OUR CURRENT CONFERENCES—send for brochures:
Company cars: Costs and controls: February 25 at the Piccadilly Hotel, London W1.
European Equipment leasing: March 22/23 at the Grosvenor House Hotel, London W1.
Aircraft Financing Methods: April 26/27 at the Plaza Hotel, New York.
All from: Hawkins Publishers Ltd, 2 Church St, Coggeshall, Essex CO6 1TU, England. Tel: (0376) 62262.

European Agents Required

Small company (member large international shipping group) with successful agency agreement in West Germany, seeks to appoint agents to market and sell its item of industrial plant to the mining, waste disposal and construction industries in the following countries:
Finland, Sweden, Norway, Denmark, Netherlands, Belgium, Italy, Austria, Switzerland, Eire, Spain, Portugal.
Write Box F.2872, Financial Times
10, Cannon Street, EC4P 4BY

LIQUIDATED STOCKS

30 ROSEWOOD EXECUTIVE DESKS FROM £395.00
50 EXECUTIVE DESKS FROM £125.00
L SECTION DESKS
100 FILING CABINETS WOODEN OR METAL
3 ROSEWOOD BOARDROOM TABLES
ALL AT UNDER HALF PRICE
ALSO IBM GOLFBALL TYPEWRITERS
RANK XEROX COPIERS & OLYMPIA CALCULATORS
Phone: 01-549 9339

U.S.A. dress manufacturer

MOST PRESTIGIOUS AMERICAN DRESS MANUFACTURER SEEKS TO GRANT LICENCE TO REPRODUCE OUR DRESSES

Contact:
Mr Donald Leavy
David Warren Enterprises, Inc.
498 Seventh Avenue
New York, NY 10018, USA

Your Office in London

SuperB Mayfair Location
(off Curzon Street)
Personalised telephone, telex and mail service £28.50 per month or to include occasional use of private office, £57 per month. Secretarial facilities, commercial support, etc. all available.
For details telephone:
Lloyd Adams, 01-493 1332

FABRICATION & ROLLING CAPACITY FOR SALE

A *medium-sized, well known* engineering and design company, supplying process plant to the Chemical industries, has top quality fabrication and rolling capacity available for the North Sea Oil and similarly related industries.
The Company has carried out a number of major sub-contract fabrication contracts and wishes to secure an ongoing base load for this facility, either on a contract, joint venture or other basis.
Location: Fife, Scotland.
Interested parties should reply, in the first instance to Box F2856
Financial Times
10 Cannon Street, EC4P 4BY

SPECIALIST WHOLESALE/BOOKSELLER

with substantial profit record
FOR SALE
Turnover reaching approximately £700,000
Write Box F2870, Financial Times
10 Cannon Street, EC4P 4BY

WANTED—POSTER PRINTING COMPANY

Large Format Litho
Reasonable access to Central London. Part or total purchase considered. Profitability immaterial. Strictest confidence will be observed.
Please write to the Chairman
Box F2868, Financial Times
10 Cannon Street, EC4P 4BY

WANTED

Trading Company
Either Retail or Wholesale
Substantial sums available
Reply to:
Mr H. Bloch
1 Hillcourt, 34 Highgate Hill West
London, N6

Major British Industrial Group
Wish to acquire a
LLOYD'S INSURANCE BROKER
Must have good established balanced general portfolio of mainly commercial accounts. Outright purchase preferred but majority participation would be considered.
Principals only reply in confidence to Box G7628, Financial Times
10 Cannon Street, EC4P 4BY

CHIEF EXECUTIVES and FINANCE DIRECTORS

YEAR-END TAX PROBLEMS?

Use the unique Conquest "aviation package" where full corporation tax write-off can be achieved together with significant revenue return and the bonus of cost-saving executive mobility.
Conquest offer the most comprehensive service available to the prospective or actual user of business aircraft.
Consult the specialists in purchase, sale, leasing and management.

CONQUEST AIRCRAFT COMPANY
44 THE GROVE, ILKLEY LS29 9EE
Tel: 0943 602705 Telex: 51162

ENGINEERING COMPANY

NORTH MIDLANDS NEAR TO M1
16,000 sq ft Modern Factory well equipped to undertake *Materials Handling, Structural Steelwork and Special Fabrications*
Skilled labour force, Technical Staff and Management.
The owners in their desire to keep the labour force together, would welcome discussions on any viable proposals including:
a) Undertaking work at recession rates
b) *Joint venture with development of new products*
c) Sale of Company as going concern

Write Box F2829, Financial Times
10 Cannon Street, EC4P 4BY

LOW TAX AREAS

Professional Advisers are retained to dispose of a number of unused tax favourable Company Registrations for various offshore localities including the Channel Islands, The Isle of Man, Cayman Islands, *Liberia and Hong Kong, the majority of these providing a zero tax* home for trading/investment funds. Back up corporate services are available in most cases.
Please reply in confidence to:
Langtry Trustees Limited
P.O. Box 124, Langtry House, 40, La Motte Street,
St. Helier, Jersey, Channel Islands.
Telephone (0534) 73921. Telex 4192069 Fidas G.

GULFSTREAM II WITH FACTORY WARRANTY

SERIAL NUMBER 26
5700 hours on airframe, 1100 hours on engines since mid-life inspection. Low profile Collins avionics, Global Omega and INS, dual HF. All mandatory ASC and CB items complied with; 4000 cycle maintenance completed, including thrust reverser overhaul. Updated to 62,500 lbs. gross weight, 45,000 ft. cruise altitude. 12-passenger interior in excellent condition. Purchase price includes 90-day factory warranty, crew training, one year Computerized Maintenance Program, exterior repainted to buyer's specifications. Immediate availability. For complete details, call Jack Norton, Director, Used Aircraft Sales, Gulfstream American Corporation, Savannah, Georgia 31402. (912) 964-3233. Telex 804705.
Gulfstream American

Commodity Analysis Limited

COMMODITY BROKERS
Specialists in Commodity and Currency Discretionary Accounts
Minimum account size £25,000
Contact
Mark King or Jeremy Metcalfe
Commodity Analysis Limited
37/39 St Andrews Hill
London EC4
Tel: 01-236 5211
CAL

"ADVERTISING THROUGH RACEHORSES"

An advertising budget of between £11,000 and £19,000 per year for two years could profitably be invested in a racehorse. If the horse was successful, the residual value of the horse could be immense (eg, that of Moorestyle was £2m). Even if only moderate, bloodstock prices have still risen by 50 per cent in the last twelve months. There are good horses available now.
Enquiries to:
Malcolm D. Rennie,
Chartered Accountant
Bedford Lodge, Bury Road
Newmarket

GLOBEWIDE

is still in a position to arrange: up to £5,000,000 for
1. Corporate Finance
2. Equity Finance
3. Term Loans
4. Foreign Currency Advances
5. Finance for Property Development and Investment
Residential mortgages:
Minimum £50,000
Principals only should write to:
Tel: 01-727 6474 - Telex: 8953620
GLOBEWIDE FINANCE LIMITED
111A Westbourne Grove
London W2 4UW or

100% TAX ALLOWANCES

(F.A. 1980)
available to individuals or corporations on purchase of Freehold Industrial Units 2,500 sq. ft. each
Wolverhampton £75,000
Weaton Investment Limited
13/14 Queen St., London, W1
01-499 4293

LIMITED COMPANIES

FORMED BY EXPERTS FOR £85 INCLUSIVE
COMPANY SEARCHES
READY MADE FOR £95
EXPRESS CO REGISTRATIONS LTD.
Epworth House
25-35 City Road, London, EC1
01-628 5434/5, 7361, 9936

GOLD BULLION KRUGERRANDS

BOUGHT AND SOLD IN STRICTEST *CONFIDENCE*
FROM ONE COIN UPWARDS
Free advice available
Please phone:
Mr Cavendish or Mr Woods
0244 24315/378595
Shaw Cavendish & Co
Bullion Dealers)
Cavendish House, Chester

STOCKTAKE

How much is missing this year?
The problems of internal losses will *continue to plague most businesses* in the '80s, in spite of increased application of ever more sophisticated technology. Lodge Service with branches throughout Britain and over 60 years experience is able to help in the reduction and control of stock loss of retailers and manufacturers, thereby increasing their profits. Consultation carries no obligation. *Write:*
Lodge Service, 58 St James's St.
London SW1A 1LB

ENGINEERING OPPORTUNITY

We are quality machine manufacturers seeking new opportunities. *If your products are moving faster than your production or you require a competitive alternative manufacturer, a liason could be mutually beneficial.*
Write Box F2867, Financial Times,
10 Cannon Street, EC4P 4BY.

SCHOOL FEES

YOUR BUSINESS COULD HELP IF YOU ACT BEFORE APRIL
With corporation and personal tax reliefs and up to 6 years' rebates, substantial funds can accumulate tax free then be borrowed on generous terms.
For full details contact:
Richard Donaldson
Cleveland Huth & Co Ltd
47 Piccadilly, London W1V 9AH
Tel: 01-434 1318

International Management Company seeks PARTNER FOR JOINT VENTURE

In provision of worldwide consultancy services for petroleum exploration, operations & oilfield development
Write Box F2866, Financial Times
10 Cannon Street, EC4P 4BY

BE REPRESENTED

in the world's major market place
HOUSTON AND THE U.S. GULF COAST
Sales, Market Research, Venture Finance. Initial meetings in the UK.
Please reply Mr Bart Tothill
H.O.M.E., Box F2865
Financial Times
10 Cannon Street, EC4P 4BY

BUILDING OR CIVIL ENGINEERING COMPANY REQUIRED

Major public company seeks to extend its activities by acquiring an established contracting and/or house building company in the *Home Counties South or South* East. Substantial funds available. We are only prepared to deal with principals on a strictly confidential basis.
Write Box G7652, Financial Times
10 Cannon Street, EC4P 4BY

MAIL ORDER publishing/bookselling business wanted by similar company. Details to: H. K. Lewis Hughes Allen Payne Stone, 35, Red Lion Square, London WC1R 4SF.

W1 PRESTIGE OFFICES plus back-up, offered to person able to introduce property propositions. Write Box F.2869, Financial Times, 10 Cannon Street, EC4P 4BY.

JAPAN. Partner in Tokyo willing to undertake trade enquiries and agencies. Write to S. Devitt, 40a Parkers Road, Sheffield S10 1BN.

SMALL PRIVATE COMPANY operating Retail Jewellery business in Chester requires private investment of £75,000 in return for controlling interest. Write Box F.2852, Financial Times, 10, Cannon Street, EC4P 4BY.

PRICE ANALYSIS: World's most advanced computer concept seeks corporate interest. Phoenix, Hotel St. James, 40 rue de la Concorde, 1050 Brussels.

Cash Voucher

This cash voucher entitles your company to an immediate
75% CASH AGAINST INVOICES
Subject to approval

Cash flow problems? Then cash this!

Need cash now? You've got it right there on your books! We will give you 75% cash against your invoices— money you can put to work today. You get the 25% balance, less our charges, when your customer pays. And the customer remains totally unaware of the arrangement. Post this voucher now with your name and address, or phone us.
Confidential Invoice Discounting Limited
Sovereign House, Queens Road, Brighton BN1 3WZ
Telephone: Brighton (0273) 21211 Telex: 87382

FINANCE FOR GROWTH

Factoring provides no-strings finance beyond conventional borrowing limits.
Alex. Lawrie Factors Limited
For details contact: London (01) 626 0484
Bristol (0272) 291388 Coventry (0203) 56653 Manchester (061) 834 7415 Newcastle (0632) 325879 Edinburgh (031) 226 4599 Banbury (0295) 56041

OFFSHORE PLATFORMS

We advise a large Continental yard, and could similarly advise and introduce to business source, major concerns involved, or wishing to be involved, in large (e.g. 2-6 500 tonnes) construction projects, or volume supply of material, plant, services.
HEI LTD.
OFFSHORE MARAKETING & ENGINEERING CONSULTANTS
42 Upper Richmond Road West, London SW14 8DD.
Tel: 01-876 0102. Telex: 943763 G.

£££ WHY GIVE IT AWAY? £££ KEEP IT IN THE BUSINESS...
via 100% capital allowance on a container fleet managed by professionals for guaranteed high income plus a bonus of anti-inflationary growth plus a currency hedge. Call on us before your year-end tax guillotine for an effective solution and discover why successful firms use LCL, the Container Investment Specialists. *Get the facts without* the frills NOW from Ian Landless, Managing Director
LCL LANDLESS CONTAINERS LIMITED
Dept. F.11, Freepost, Camberley, Surrey GU15 2BR. Tlx: 858997 Tel: (0276) 682011 (24 hrs)

OFFICE FURNITURE

40% OFF LIST PRICE EX STOCK
Executive and operational ranges in rosewoods, walnut, light oak and other finishes
Complete office furniture brochures available on request:
STUDIO LINEA (OFFICE FURNITURE) LTD.
London 01-805 2566
Birmingham 021-784 8944

OFFICE OR HOTEL CARPET

Manufacturer has available large quantity of heavy contract Wilton carpet surplus to contract for immediate delivery. The consignment is in a choice of colours, is all perfect quality goods and suitable for offices, hotels, or any other public building. The carpet is available in lots of not less than 500 sq yds and is offered at 40% less than normal trade list at from £8.46 per sq yd net delivered UK.
For samples and further details please write to Box F2833.
Financial Times,
10 Cannon Street, EC4P 4BY.

TAX SHELTER

for corporate and private investors 100% IBAs now available in prime Southern locations with rental guarantees
Finance available
TAYLOR CRISPIN & CO. LTD.
15 South Molton Street
London W1Y 1DE
Tel: 01-629 9891 - Telex: 888970

FINANCIAL ADVICE EQUITY PARTICIPATION

We are a financial subsidiary of a public company and we are seeking minority interests in small well run companies based within 100 miles of London. We would expect to appoint a director to the Board primarily concerned with the financial affairs of the company.
If you are interested, please write to T. H. Barnes at
3 Wimpole Street, London, W1

SOUTH LONDON

Protected Storage Available
25,000 sq. ft. protected storage available for short or long term lease. Facilities for handling large and heavy items. Office/Telephone/Telex Services on site.
Write Box F2860, Financial Times,
10 Cannon Street, EC4P 4BY.

WHY LEASE YOUR NEXT CAR?

You can buy on our
Purchase Plan
- 10% initial rental
- 48 months repayment
- No VAT on rentals
- Ultimate ownership

FERRYWISE FINANCING & LEASING
Tel: Esher (0372) 62467/66780

OWNER OF FREEHOLD COMMERCIAL INVESTMENT PROPERTY

interested in selling to a progressive public company for fifty per cent cash with balance in equity. *Replies from Principals only to: Box F2861, Financial Times, 10 Cannon Street, EC4P 4BY.*

AMERICAN DISTRIBUTOR WISHES TO EXPORT AND IMPORT ESTABLISHED FRAGRANCE LINES

Contact:
Shadow Facts International
158 W. 27 St., N.Y., N.Y. 10001
Tel: 212 242-0520
Telex: 220969 SHADO

OFF THE PEG and Tailor Made limited companies incorporated Isle of Man, UK, and world wide. Qualified taxation, legal and banking advisers. Extensive management facilities and after-sales service. Victoria Registrars Limited, Ballabrooie House, Peel Road, Douglas, Isle of Man. Telephone 0624 23456. Telex 627952 LUPOLE G.

VENTURE CAPITAL REPORT, 2 The Mall, Bristol. The link between investment funds and small businesses. Investors and entrepreneurs ring (0272) 737222.

EQUIPMENT LEASING at very competitive rates. Bellshield 01-977 4846.

£1 A WEEK FOR EC2 ADDRESS combined with phone messages and telex under £4 a week. Prestige offices near Stock Exchange. Message Minders International. 01-628 0898. Telex 8811725.

INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

PROPERTY COMPANY

Invites financial / management participation in developing 100 bedroom three star beach hotel in a tourist resort of a fast developing Far Eastern island.
Investment and profit Repatriation Guaranteed
Write Box F2816, Financial Times,
10 Cannon Street, EC4P 4BY.

LEISURE INVESTMENT

£150,000 Equity/Loan capital *required* on First Charge for West Country Squash and Leisure Centre. Planning permission to expand to become regional coaching and *tournament centre.*
Write Box F2855, Financial Times,
10 Cannon Street, EC4P 4BY.

PARTNER REQUIRED

to take active role to expand small Engineering Company in South East Kent. Own product range. Nationally known with good reputation.
Write Box F2862, Financial Times,
10 Cannon Street, EC4P 4BY.

LEISURE CAMPING COMPANY

requires substantial capital for exciting developments abroad. Good returns and possible participation
Write Box F2863, Financial Times,
10 Cannon Street, EC4P 4BY.

HOLIDAY TOUR OPERATOR

Manchester Area
Requires person/company with capital to take up equity in order to assist expansion in the French Holiday Market. 1981 turnover £650,000 with substantial profit. Would consider involvement with Retail Travel Agency or other Tour Operator wishing to expand. Principals only write Box F.2851, Financial Times, 10, Cannon Street, EC4P 4BY.

FINANCIAL FUTURES

Corporate backer wanted to finance establishment of 'Futures' marketing and sales force. Equity participation in exchange for substantial favourable funding.
Write Box F2854, Financial Times,
10 Cannon Street, EC4P 4BY.

•IMPORT/EXPORT FINANCING •INVOICE DISCOUNTING

Letters of Credit opened
Back to Back L/Cs
Domestic Invoices Discounted
Contact George Raphael at:
FORBES CAMPBELL (FINANCE) LTD
9 Artillery Lane, London E1 7LP
Tel: 01-377 8484

I.B.A.s Wanted

Industrial Units under 2,500 sq. ft.
Principals only write to:
Box T.5601 Financial Times
10 Cannon Street, EC4P 4BY

INTERNATIONAL METALWORKERS FEDERATION

The International Metalworkers Federation, the Gevena-based co-ordinating body for unions in the iron, steel, auto, aerospace, shipbuilding, electrical and electronic industries, is making available for public sale its special reports produced in 1981. These reports, *limited in availability*, are published in English, German, French, Spanish and Swedish. The IMF unites 170 unions in 70 countries throughout the non-communist world.

No. of Copies		Pages	Swiss Francs
☐	IMF Bulletin on Occupational Health and Safety (4 issues per year)		10
☐	The Secretariat's Report to 25th IMF World Congress	225	50
☐	The Affiliates' Report to 25th IMF World Congress	188	50
☐	Resolutions and Statements for 25th IMF World Congress	209	50
☐	World Economic Review for 25th IMF World Congress	96	20
☐	*Jobs in Hard Times by Professor Robert Lekachman*	22	20
☐	Picture History of the IMF	40	30
☐	Report of First IMF Mission to Poland	70	40
☐	Report of Second IMF Mission to Poland	12	10
☐	The Struggle for Human and Trade Union Rights	50	40
☐	Philips Latin America	103	40
☐	Social and Economic Conditions in the Asian Electrical Engineering Industry	115	50
☐	The Steel Industry in Asia and Its Position in the World	79	50
☐	The Asian Shipbuilding Industry in the Context of the Worldwide Situation	70	50
☐	Social and Economic Conditions of the World Audio-*Video Electronics Industry*	103	50
☐	The Purchasing Power of Working Time, an International Comparison	48	50
☐	GM and Its Workers	128	50
☐	*Metalworkers and New Technology*	39	40
☐	Women's Employment and Trade Union Membership in the Metal Industry	76	40

English French German Spanish Swedish
Please indicate which language is *desired.*

Make cheques or bankers' drafts to:
International Metalworkers Federation
54bis, route des Acacias, 1227 Geneva, Switzerland

Name ....
Organisation ....
Address ....

IMF: President: Eugen Loderer; General Secretary: Herman Rebhan
54bis, route des Acacias, 1227 Geneva, Switzerland

SCOTTISH HIGHLAND HOTELS

THE PROFESSIONAL APPROACH TO HOTEL MANAGEMENT

Scottish Highland Hotels with over seventy years of successful hotel management is looking for hotels of quality and character to manage in the UK. Our service offers a complete takeover of management and control and includes centralised buying facilities and extremely effective UK and worldwide marketing and promotional capabilities.
Please write for our colour literature providing details of your property to:
Brian Simmers, Director, Scottish Highland Hotels
98 West George Street, Glasgow G2 1PW

ATTENTION ALL FIRST TIME COMPUTER USERS AND EXISTING SMALL SYSTEMS USERS

HAVING PROBLEMS COMING TO A DECISION?
OUTGROWN YOUR PRESENT SYSTEM?
Why not call the experts? Maincroft Computer Services Ltd., we are one of the foremost brokers of used IBM, ICL and DEC equipment, as well as being a major dealer for the new sharp MZ-80B personal computer.
Our comprehensive knowledge and marketing power enable us to give the right system at the right price —whatever your needs. So before making your decision call:
Maincroft Computer Services Ltd.
01-720 9621 ASK FOR RON MASON

MANAGEMENT CONSULTANTS

A London based consultancy invites independent management consultants with an established clientele to whom they are providing marketing, financial or production services to write for particulars of a plan of collaboration designed to boost their fee income by a natural extension of their range of activities with minimum investment of time.
Write Box F2853, Financial Times,
10 Cannon Street, EC4P 4BY.

I.B.A.s

EIGHT NEW
2,475 SQ FT BUILDINGS
Built to very high specification
Superb Location
WARRINGTON CHESHIRE
FOR SALE FREEHOLD NOW
Morbaine Properties Limited
52 Mount Pleasant,
Liverpool, L3 5UN.

BUSINESS ECONOMICS

Experienced, independent business economists can assess the impact of the economy on your business and provide forecasts of your *markets, prices and raw materials.* The Society of Business Economists' Free-Lance Register contains information on qualifications, availability and fees of some thirty independent economists with a range of experience covering most industries and countries. The Register costs £5 per annum, including regular updates; available from the S.B.E.,
11 Bay Tree Walk, Watford, Herts.

COMMODITY BROKERS LEASE OF CITY OFFICES FOR SALE, EC1

1. Reuters Screens
2. 2 Telex
3. 10 Lines

Write Box F2869, Financial Times,
10 Cannon Street, EC4P 4BY.

SELF-MOTIVATED CHIEF EXECUTIVE REQUIRED

for newly commenced operation manufacturing domestic Heat Pumps and commercial Heat Recovery systems. Equity stake available free with possibility of purchasing more. Location North East Midlands.
Write Box F2857, Financial Times,
10 Cannon Street, EC4P 4BY.

PUBLIC RELATIONS

You supply the products and Deeson Public Relations will provide the enquiries. Based in Kent and London. Deesons are an established consultancy with 22 years' experience of industrial and commercial accounts. Over the years they have proved this Public Relations is an effective marketing tool.
For further information:
Tel: Jane Sword on 079 582 5468

SIGNIFICANT STAKE REQUIRED in a small quoted company. The ultimate objective will be to inject insurance and broking activities into the company. Write Box F.2864, Financial Times, 10, Cannon Street, EC4P 4BY.

EXPANDING OVERSEAS? Distributors, joint ventures, mergers, international service. High tech. specialists. Stephenson Assoc., P.O. Box 115, Amersham, Bucks. Tel 02403 4536.

CAR CONVERSION COMPANY has for *sale new product, complete with jigs,* patterns, etc., with excellet long-term potential. Total manufacturing rights, etc. £50 000. Write Box F2817, Financial Times, 10, Cannon Street, EC4P 4BY.

MANAGEMENT COURSES

A comprehensive course in Managing Personnel and Industrial Relations

In this 3 week programme, Cranfield School of Management offers participants the opportunity to widen their knowledge of *managing employee relations and to acquire the techniques and* skill necessary for success in the personnel field.

This essentially practical programme is aimed primarily at those who are moving into personnel management for the first time. However it also provides a refreshing stimulus to more experienced personnel managers. Participants will gain an understanding of the key role of the personnel function in helping an organisation achieve its goals through the optimum use of human resources. They are also coached in the skills of negotiating, influencing and counselling. Above all the programme aims to grant participants an insight into modern personnel practice and to help them develop ideas about the policies and techniques applicable in their own organisation.

Dates: 9 May to 28 May 1982; 3 October to 22 October 1982.

We shall send you further details about this programme as soon as we receive your completed coupon or telephone call.
Cranfield School of Management – Bedford (0234) 751122.

To: Dr. Shaun Tyson,
Managing Personnel & Industrial Relations,
Cranfield School of Management,
Cranfield, Bedford MK43 0AL.
Tel: (0234) 751122. Telex: 826559.

Cranfield School of Management

Please send me further information on Managing Personnel & Industrial Relations.

Name ____
Job Title ____
Company ____
Address ____
____ Tel. No. ____ Ref. No. CS 136

THE ARTS

Weekend concerts

When the Beaux Arts Trio visit London, there is usually nothing more to report than the keenest pleasure: and last Sunday afternoon at the Wigmore Hall was no exception. This time there was also the intimacy of the place to deepen that pleasure—and to reveal close and clear all the tiny inflections of rhythm, dynamic and phrase which are the heart of chamber music-making, but so often swamped by the acoustic of larger halls.

It was not, truth to tell, for Beaux Arts fans an entirely vintage appearance: but there was enough of the Trio's best in the concert that that should matter very little at all; and even their second best can be stirring. The first half was all Beethoven: the tiny, sparkling B flat major trio in a single movement (WoO 39) composed for the daughter of a friend in 1812; and the E flat op. 70 no. 2, gentle sister to the "Ghost," with its dizzy, high-flying finale. Once or twice there were some uncomfortable afternoonish blurs in the performance: but much more important were the many sublime and unlikely conjunctions—the result of liberties, perfectly gauged, of the kind which can only be taken, without risk of the performance falling apart, by an ensemble that has played together for nearly 30 years.

For their finale they gave Chaikovsky's trio (op. 50 in A minor) that great and still absurdly neglected peak of the repertory which (perhaps because of the extreme technical difficulty of the piano part) surfaces in our concert halls only once or twice a year. The Beaux Arts caught and lifted up the first movement's endless outpouring of melody with marvellous buoyancy and heart. It was a heart that in the passages of darkest melancholy moved a shade closer to schmaltz than to true Russian *zhal*, and at its most indulgent led some of the detail of the music uncharacteristically astray—in the first movement, a few of Menahem Pressler's piano rhythms were so eccentric as almost to reverse the sense of the line (and only a *tempo giusto* in the fourth variation of the second movement really produces the right magical music-box effect). But that was essentially by the way: and the way itself was strong, and warm, and grand—fired with a spirit, and an unrelenting energy, that carried all before it from the first page to the last.

DOMINIC GILL

The Labeque sisters must be every concert promoter's dream. Lively and attractive on stage, with a penchant for music with similar glitter and appeal, they promise to bring a new glamour to the two-piano repertory. In the last year their reputation in Britain has burgeoned, with television appearances and best-selling discs. Predictably then, their recital in the Elizabeth Hall on Sunday afternoon was well attended, and equally predictably it contains a fair measure of items that were bright and ingratiating.

Their only mistake was to begin with music that is far from ingratiating, and demands more than mere panache to bring off. Debussy's *En blanc et noir* is an elusive masterpiece in the most capable hands, and the Labeques never suggested a profound understanding, fashioning some delicate, half-pedalled textures here and there, but pulling themes around unmercifully (when in doubt insert a sforzando seems to be their overriding motto).

Thereafter the programme was on surer ground. An expansion of the Three Dances from *Petrushka* from the virtuoso two-hands original to four hands deprived the pieces of some of their bravura tension, but provided the sisters with a useful display vehicle; only occasionally did the opening "Danse Russe" betray some flaws in technique. Ten of Brahms' Hungarian Dances (ending, inevitably, with the last in E minor) and Gershwin's *Rhapsody in Blue* (in the composer's own reduction) completed the programme. Much winsome charm and tinselly tone, but as for musical weight, thin and insubstantial.

ANDREW CLEMENTS

Charles Farncombe brought his Handel Opera Chorus to the South Bank on Saturday with a strong quartet of soloists and the Handel Opera Orchestra. Everyone was safely at home with Handel, whose *Anthem on the Peace* of 1749 and "Dettingen" *Te Deum* of 1743 were heard. The Anthem looked more unfamiliar than it sounded, for it proved to share much of its music with *The Messiah*. The counter-tenor Charles Brett began the Anthem elegantly, joined for the "duet" by a pair of unison choristers; later Gillian Sullivan—new to me—displayed her fresh, true soprano in an aria with chorus, urged along by Mr Farncombe rather too briskly to leave comfortable breathing-space.

Farncombe likes bright tempi and a crisp stride, which suited the *Te Deum* well. It was further enlivened by three excellently bright trumpets, and enriched by Ian Caddy's authoritative bass solos. A suitable note of gravity was struck with "When Thou hadst overcome the sharpness of death," and the trio of male soloists (completed by Martyn Hill) took the chorus "Thou sittest at the right hand of God" to lovely effect. The Handel Opera Society standard was well upheld.

Those confident performances flanked two of Rameau's Latin motets, in which similar enthusiasm and care were applied vainly to a search for the right idiom. Mr Caddy was the sterling exception — he has, of course, ornamented the English Bach Festival's Rameau revivals — and in both motets his rhetorical flair and power were greatly welcome.

The rest limped: except in the most square-cut music.

DAVID MURRAY

This is, it seems, something of a John Casken month: *Firewhirl* on South Bank at the last LOCB Music of Eight Decades concert, the new String Quartet scheduled next week at St John's, and, on Sunday, the premiere at the Manchester Free Trade Hall of the new Piano Concerto (broadcast later the same evening). The exposure is fully deserved: with each new work Casken declares himself ever more certainly a compositional voice of distinct and wholly uncommon character, with not just "something to say" but the art to say it fastidiously and excitingly.

"An elegant, grateful concerto" was Andrew Clements' prediction in the January *Musical Times* Casken survey. It is fulfilled. In nine linked movements of thoughtful plan and intelligible unfolding, the music is wrought with a most taking blend of care and energy. The introduction, set off in a series of crucial flourishes, appears to function somewhat in the manner of a French Overture (lurching chordal figures) and Toccata (pianistic disclosures of fast-flurrying figuration) simultaneously. The "French Overture" and "Toccata" material reappear in the two successive movements, closely and dramatically developed; then, at the middle point of the 25-minute span, the music lurches to stillness, and aleatory phrase-insertions (pointfully applied from Casken's Polish training) begin to alter the focus. Hereafter, the music winds up again to a "Scherzo and Festive Dance" of brilliantly Prokofievian stampedes; the final two movements are an encapsulation and a farewell, with two Tippett-like solo violins furling the piano out to silence.

The linkage and confrontation of a virtuosic yet attractively elusive solo part and its orchestral ensemble is expertly made, unleashing, in addition to the chains and swirls of notes that are evidently a Casken trademark, spiky, rebarbative cross-currents—at times, from the grunts and stutters of brass, one might almost be in the *Rite of Spring* undergrowth. The tone is not lyrical, yet a dreamy, rhapsodic expressivity seems to hover over the slow music; at this point, the work reveals its profile for clearest view. Even in a stereo broadcast, it was difficult to appreciate to the full an orchestral layout into two complete groups — an additional reason for hoping that there will be a live London showing of this striking concerto before too long.

John McCabe, a composer himself, and a pianist who (with Jane Manning) has given committed accounts of Casken's song cycle *Ia Orana, Gauguin*, was in confident command; by the BBC Northern Symphony under Bryden Thomson, not every rhythmic pattern was sharply incised, but the drift of the music was most ably communicated.

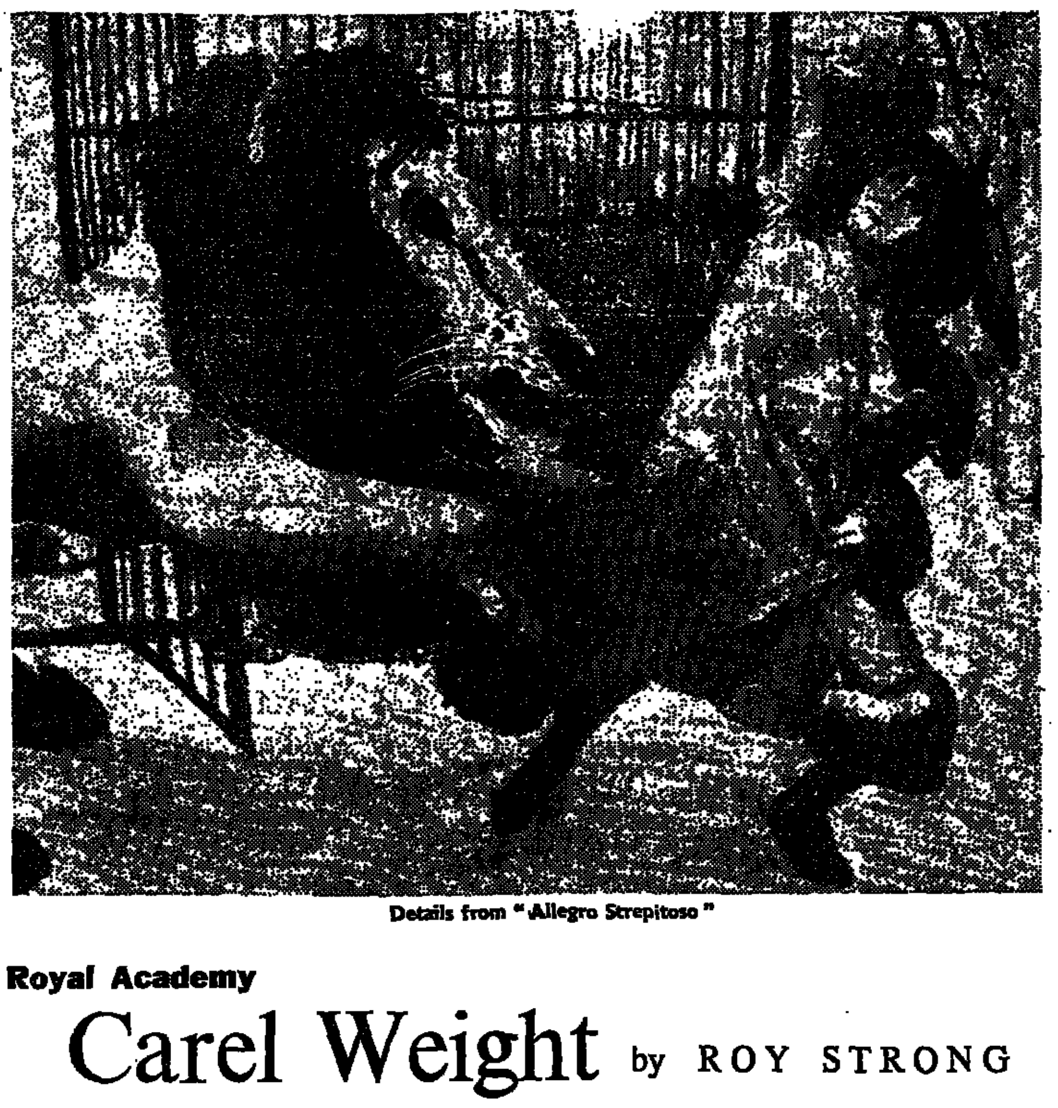
MAX LOPPERT

It is so nice being a successful pop star that when ambitious young musicians come to a road block they are quite prepared to try another direction en route for a fortune. Geoff Deane and David Jaymes used to head a band called the Leyton Buzzards (which produced a single I liked a lot "Saturday night beneath the plastic palm trees"), but even a refinement to the Buzzards failed to make much of a commercial impact.

At the week end Deane and Jaymes were at the Venue in quite a fresh guise. Their [illegible] Deane is now called [illegible] and, looking very [illegible] Ronald Colman [illegible] Modern Romance [illegible] successful British s[illegible] Salsa music is Puerto Rico via New York but Modern Romance plays a refined British version which makes it vaguely Latin rather than aggressively Hispanic. I enjoyed the act tremendously.

It might not have the strong and strident brass bits of true salsa and the rhythm was on the decorous side but Deane and Jaymes have come up with some very catchy melodies and the nine strong band play with infectious style. It was silly and slightly nostalgic—Modern Romance should be popular at May Balls and deb dances—but, as they played on through rapping solos to the jolly "Ay ay ay ay mosey," you were quite tempted to start a conga and lead it all the way down to Butlins. Modern Romance are fun and, with tighter musicianship, could be famous. infectious style.

ANTONY THORNCROFT



Details from "Allegro Strepitoso"

Royal Academy

Carel Weight by ROY STRONG

One of the cheering aspects of the Royal Academy these days is that from time to time bouquets are presented where they are long overdue. Such is the financial pressure on our institutions that it takes a [illegible] of nerve not constantly to play to the gallery. The *hommage* to Carel Weight is one such instance. Here is an artist who has given enormous pleasure to many over the decades and who has been the backbone of the Academy which must exist surely, if for nothing else, to support its own.

There is a becoming lack of pretension to this exhibition. The earliest items are small portraits on panel. *Uncle Percy*, painted in 1933, is already a [illegible] accomplished work in the handling of paint, which [illegible] the slickness of a Sargent [illegible] Laszlo. At a stroke he could so easily have gone in [illegible] direction but no, already the year before he had embarked into his own strange world in a picture entitled *Allegro Strepitoso*.

This establishes a great many [illegible] [illegible] miser [illegible] [illegible] in cap and [illegible] off right, an elderly couple's head for an arch labelled lavatories while giraffes peer down bemused. What the onlooker is supposed to make of it I am not sure. Probably [illegible] but the [illegible] seems to encapsulate Weight's ambiguity of intent. There is a touch of Stanley Spencer but we are in a very different fantasy world, whose activity centres on horrific chases, a theme that continues into the 1970s, but there is also something vaguely funny about it, however catastrophic. We are in the world too of neo-romantic whimsy which was still going strong in the Festival of Britain and to which Hugh Casson is such a monument.

If we leap on [illegible] years *Battersea Medusa* (1974) is exactly what it says, a black girl her hands clasping her shoulders in a frenzy as her eyes start forwards as though she were looking at her own reflection realising, for the first time, that her hair was a tissue of snakes. She, like the umbrella lady, is fleeing. And with this we touch on something else—the painter's use of classic myth. Medusa finds herself on a street corner in Battersea. More surprising is the death of Lucretia at the bottom of a narrow strip of garden behind any Victorian house.

Even more odd are Pyramus and Thisbe standing at the side of what looks like a Capability Brown landscape lake and bridge but he is dressed like a hussar with a vast hat and frogged tunic and she in draperies and bared breast. Ever stranger is the fact that they are painted as apparitions superimposed on to this beautifully painted landscape. And with this we are on to another recurring theme, ghosts. Those interested in physical research must find him the most congenial of artists. His work is more peppered with ghosts than even Fuseli's. In *The* [illegible] (1955) a silvery figure [illegible] the pavement of a [illegible] of ordinary people [illegible] sitting on park benches or pushing a bicycle. In *Winter* (1955) the season appears wielding a mighty scythe sweeping his way through a dull suburban street. In *Her Brother's Ghost* (1960) we are left puzzled and horrified by the relationship of these figures [illegible] converge from two paths towards each other.

The same emotion seizes us with *Departing Angel* (1961) in which a woman sits on her paved patio surrounded by her potted plants, while a transparent bent female figure in a long skirt flits off to the left. In *Thoughts of Girlhood* (1958) the subject matter is virtually repeated. The spirit world is a permanent obsession with Weight but any consultation of the catalogue takes us no further as to why.

As a [illegible] painter of course he deserves more than a salute. As pure [illegible] as immaculate maps of his sitters his work is hard to equal. The masterpieces are the two of Orovida Pissarro (1956-57), a vast tub of a woman looking oddly like Nye Bevan with huge arms and hands. They are marvellously precise, the draughtsmanship sure and shrinking nothing. This ability shines through too in his work as a war artist which reveals his potentialities as a topographical painter. The bomb-scarred Tempio Malatestiano at Rimini or St. Stephen's, Vienna; the evening scene in Verona with British troops hobnobbing with the locals.

But he is happiest at home. As a recorder of run-down suburban Victorian houses as they looked in the 1950s and 1960s he can have no equal. They appear before gentrification. They are often decayed, divided by subletting, their gardens given over to weeds, odd accretions of later periods have been tacked on and the fabrics and ephemera of our own age have been overlaid on to them. In one aspect the paintings are a touching record of this way of life.

For my own taste as the canvases expand in size my interest [illegible]. The quality of the [illegible] texture so intense on a lesser scale, in huge canvasses, like those on the Crucifixion or [illegible] (1980), curiously evaporate. His good points suddenly become bad ones. Might I ask, however, was this a bad [illegible] in the history of framing?

So many of the pictures are done [illegible] a disservice by the really awful frames. Nor was I struck by the logic or the beauty of the hanging.

Weight emerges as a truly British artist and there's nothing wrong with that. He lives to wield a brush which he does supremely well. His effect on a new generation of painters coming out of the Royal College of Art has been profound. The reason is clear: his utter integrity to his vocation as a painter [illegible] not only a talent and a vision but the virtues of sheer hard work and discipline and an unclosed mind with no time for humbug.

Covent Garden

The Sleeping Beauty

by CLEMENT CRISP

Heaven ordained ballet matinées as occasions when young dancers should try their wings, and feet, in major roles. This has ever been the way in which new talent—so vital to the future of a national company—was tested, forced, and sometimes rejected, and it is good to report that the Opera House inserted a couple of extra ballet matinées last week at reduced prices. The more the merrier and the better, say I, especially when we can see a début as brightly promising as that of Deirdre Eyden, the Lilac Fairy in Saturday afternoon's *Sleeping Beauty*.

The beautiful Miss Eyden came to our notice at School performances in 1976 and 1977; since then we have not seen a great deal of her in soloist roles, but on the evidence of her Lilac Fairy she has matured into an artist of easy and commanding grace. The part is unbalanced: one taxing solo early on, and then a good deal of smiling and charm and interminable promenading, like a floor-walker in an opulent store. To all this Miss Eyden brings a generosity of presence, an amplitude and grandeur in gesture as in dance, and a physical radiance which had the matinée tots near me leaning ecstatically forward on their seats.

Unlike them, I may not believe in the fairy's magic, but I salute the magic of Miss Eyden's appearance, and hope that before too long we shall see her as Aurora: she seems to have every gift of technique and classic line the role requires, and a genuine and enchanting warmth of personality.

It was pleasant at this matinée to renew acquaintance with Rosalyn Whitten's Aurora, a soubrette interpretation of pretty vivacities and quick, light accents which gives us a portrait of an eager young princess, but interest inevitably also focused upon another new casting. This brought the débuts of Ravenna Tucker and Philip Broomhead in the Bluebird duet, which has been the downfall of many an apprentice dancer.

The two novices made attractive first appearances; indeed, Mr Broomhead seems to me the best candidate for the role since the virtuoso days of Brian Shaw. He has the right technical manner and the right clarity in beaten steps; he makes sense of the dance, and if as yet he lacks the stamina for the culminating *entrechats* and turns, this will come with hard work. He looks like Petipa's Bluebird as no one in the Royal Ballet has for a long time.

Delightful, too, the approach by Miss Tucker to the pirouettes and fluttering of Florine. An elegant physique and fluent style; tender, youthful verve, mark this as a happy début. There seems much talent in the most junior ranks of the company, and matinées are the place for such aspirants to make their first bid for fame.

Pizza Express, Dean St., W.1.

Benny Waters at 80

by KEVIN HENRIQUES

At an hour last Saturday morning when sensible gentlemen of his age were sleeping snugly in their beds, the multi-reedman Benny Waters was indefatigably celebrating his 80th birthday, presenting three generous-length sets (at one point pausing in mid-tune to blow out the only candle on his birthday cake), hugely enjoying every second and, not least, delighting his listeners with that quality melodic playing which accurately reflects his unquenchable enthusiasm for jazz and indeed for life.

Waters, whose career spans seven decades (he can be heard on 1928 recordings by the Charlie Johnson band), has spent the last 30 years living and working in Europe—though mysteriously, and sadly, not until the mid-1970s did he first play in Britain. Since then his regular appearances here have been joyous occasions, his vivacious work on four reed instruments gaining him a belated but devoted following.

In this session he changed facilely between tenor and alto-sax and clarinet (only his soprano-sax was unheard). On alto he has a comforting [illegible] warmth which evokes Benny Carter rather than Johnny Hodges. On tenor his sound is almost alto-like but has a latent muscularity. Yet for me the highlight of the night was his emotional version on clarinet of "Mood Indigo," full of typical New Orleans feeling and given added impact by a passage with only bass accompaniment.

The vibrant bassist behind Waters, giving every note its full value, was Leonard Gaskin, one third of the outstanding backing trio led by drummer Oliver Jackson. The three, who are usually to be found in the Sy Oliver orchestra in New York, make up a dream rhythm section, all appreciating fully the requirements and subtleties of accompanying, at the same time all being formidable soloists.

Jackson is "Mr Time" personified. He lays down meaningful accents in the right places and is the epitome of taste and invention. Pianist Cliff Smalls, first heard here only two years ago, continues to astound attentive listeners with his deeply considered stylings. He is a master of dynamic shadings and his solos as notably illustrated in a medley of Duke Ellington tunes are deeply absorbing and [illegible]. Without question he is among the unsung heroes of the jazz piano.

CONTINUED ON PAGE 10

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone 7598-0. Editorial: Frankenallee 71-81. Telex: 416052. Telephone 7598 157.

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester)

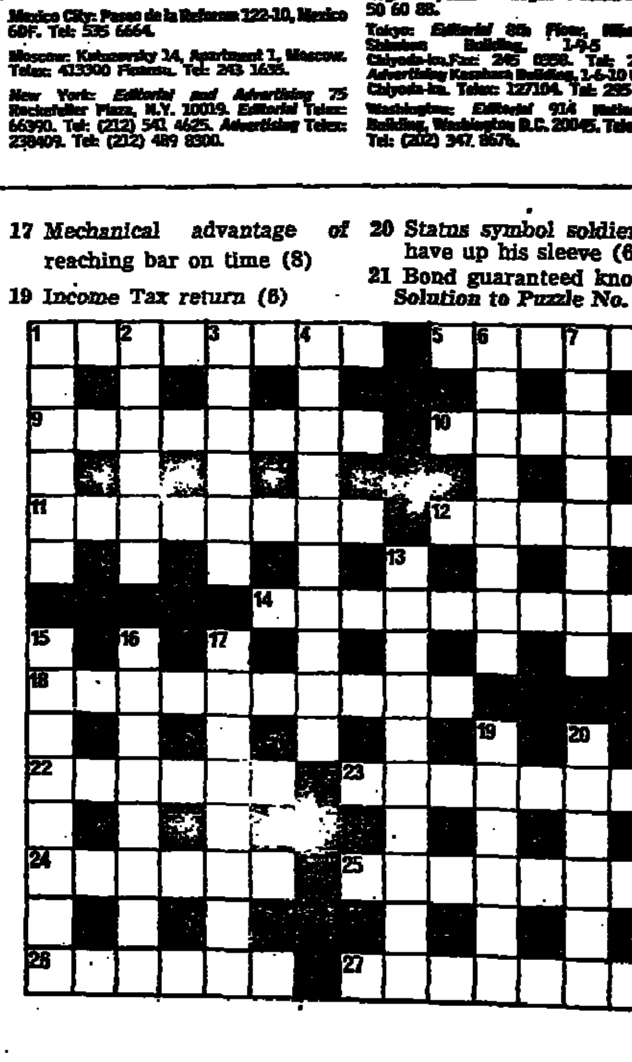
F.T. CROSSWORD PUZZLE No. 4,781

ACROSS

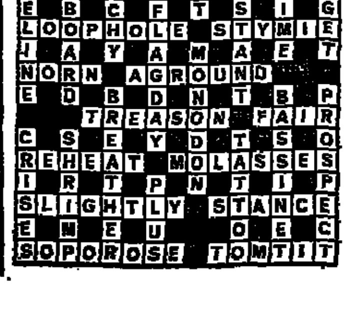
1 Material for newspaper to to keep estate (8)
5 State of clothes washed in you know what (6)
9 Not interested in making catalogue smaller (8)
10 First person to be thinking of always (6)
11 Husband takes doctor sick monkey (8)
12 Key person defeated shutter (6)
14 Point of joke in order to settle what's owing to family (3-3,4)
18 Prepared where spot cash is available (2,3,5)
22 Footballer not going off (6)
23 Straight to alternative manager (8)
24 Lost—a way to fish (6)
25 Concerning land in Arran a GI disposed of (8)
26 Laid off being confined (6)
27 Novelist with line on vegetation (8)

DOWN

1 Part of paper supporting capital (6)
2 Model activity of party leader given very large gin cocktail (6)
3 Term at university for boy or girl (6)
4 Shoppers bait QC after defeat (4-6)
6 Himalayan activity experienced by the upper classes (4,4)
7 Follow revolution in a state of panic (4,4)
8 Soldiers made an impression 'tis said (8)
13 He hopes things pan out for female predator (4,6)
15 Reaction to cat (8)
16 At cricket newsman declared (8)
17 Mechanical advantage of reaching bar on time (8)
19 Income Tax return (6)
20 Status symbol soldier might have up his sleeve (6)
21 Bond guaranteed knot (6)



Solution to Puzzle No. 4,780



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday January 26 1982

Targeting the exchange rate

YESTERDAY THERE was a sharp fall in financial markets in London, despite good trade figures and an optimistic assessment of our prospects from the Government's chief economic adviser, Professor Terry Burns. The cause was not any new horror at home, but the publication on Friday of disappointing figures for the U.S. money supply.

The markets could not have published more clearly their conviction that British monetary management is now directed towards the exchange rate rather than to domestic conditions, and that, as a result, bad news in America must be bad news here. We cannot at the same time stabilise the exchange rate, on any definition, and set domestic short-term interest rates independently.

Consequences

The markets' judgment of policy is undoubtedly correct. Since October, when a sharp rise in rates signalled the Government's conviction that the deliberate correction of the cruelly high exchange rate of 1980 was complete, exchange rate considerations have dominated day-today policy. Monetary targets are in abeyance; Professor Burns, like the Chancellor in November, admitted quite calmly that yet another target for Sterling M3 will be missed. The effective exchange rate, on the other hand, has been held within quite a narrow range of a central value of 90 on the index. On this criterion, policy has been a marked success in a difficult world.

Given the uncomortable consequences for interests rates, some critics of the Government may be tempted to argue that the new regime is mistaken, simply substituting a hair shirt put together in Washington or the home-made article. We would reject this view.

The fact is that no government can for long remain passive about the exchange rate. Sharp downward changes feed through so quickly into inflation, and sharp upward movements are so devastating for profits and activity, that monetary policy is bound to give large weight to this question. The exchange rate is the plain man's guide to the external value of money, and has a more obvious meaning to the ordinary price-setter, wage bargainer (and tourist) than the obscure and confusing measures of the quantity of money.

The question then is not so much whether we should change the operation of policy as change its declared short-term rules, and so make a virtue of necessity. Since the exchange rate is already the operational target of short-term policy, there is much to be said for making it the declared target—a target, as it were, for the value rather than the quantity of money.

As we have seen, an exchange rate target has an obvious meaning to the man in the street; what is perhaps more important, we seem able to hit it. A clear commitment should therefore prove both influential and credible. It is difficult to claim as much for monetary targetry, after its recent history. Progress or difficulty is at all times visible, and cannot be fudged.

If the money supply were relegated to a lower rank in the order of policy objectives, it might paradoxically improve monetary policy itself. For example, monetary growth is at present being inflated by the invasion of the mortgage market by the banks. Under a different target, the Government could take this structural change in its stride, and judge it as it should be judged, on *grounds of financial prudence*. Money is also inflated, as Professor Burns pointed out, by the lack of acceptable long-term finance for the private sector. Under an exchange-rate regime this problem could be attacked in a meaningful way, through the development of the indexed market which the Government itself has opened, without attracting any suspicion of window-dressing. Indeed, this problem deserves a high policy priority as long as we remain on an exchange rate target, whether it is declared or not. A viable long-term market is the constructive answer to the pain of high short rates imposed by world conditions.

Ambitious

Of course, adopting the principle of an exchange rate target as a focus for domestic policy (which is quite different from an exchange rate commitment achieved by currency market manipulation) is only a first step. Large questions — notably whether or not the EMS provides the most appropriate target, and whether the aim of a stable rate is sufficiently ambitious in the midst of a world-wide inflation — remains to be discussed; but we are satisfied that a discussion in these terms would reinforce rather than undermine the real purpose of the Government's strategy: to make its commitment against inflation clear and credible.

Sig Berlinguer gets his answer

FALSE ALARMS there have been in the past. But no real doubt can now remain that the Italian Communists (PCI) and the Soviet Union have come to the parting of the ways.

It had already become evident at the PCI's central committee meeting a fortnight ago that the Polish military takeover had produced a watershed in relations between Moscow and the West's biggest and most influential Communist Party. On that occasion Sig Enrico Berlinguer, the Italian Communist leader, declared that socialism as practised in Eastern Europe was no longer of any relevance to working class movements in the industrialised West.

Excommunication

Now Moscow has given its answer, in the unmistakably official form of an unsigned five-column article in Pravda. It is a charge sheet bearing every hallmark of official ex*communication; similar to* those pronounced in their time by the Soviet party against Titoism and Maoism.

Sig Berlinguer's sin is unpardonable. He is accused of being anti-Soviet, of abandoning Marxism-Leninism, and of moving into the Western imperialist camp. In fact, for over a decade since the invasion of Czechoslovakia in 1968, Italian and Soviet communism have been sliding inexorably towards divorce. The grounds have at last come with the grotesque parody of socialism whereby a Communist regime has to surrender power to the army to squash a mass movement by the very working class from which it is supposed to spring, and whose interests it is supposed to represent.

In the best Italian fashion, the consequences of the split of the country's domestic politics are likely to be momentous, *but not immediately* visible. For 35 years Italy's post-war democracy has been flawed by the disqualification of the Communists, by far the biggest party of the Left, from Government. This stemmed from the suspicion that for all its professed commitment to democratic pluralism and Italian membership of Nato, the party was still in its innermost soul wedded to Moscow.

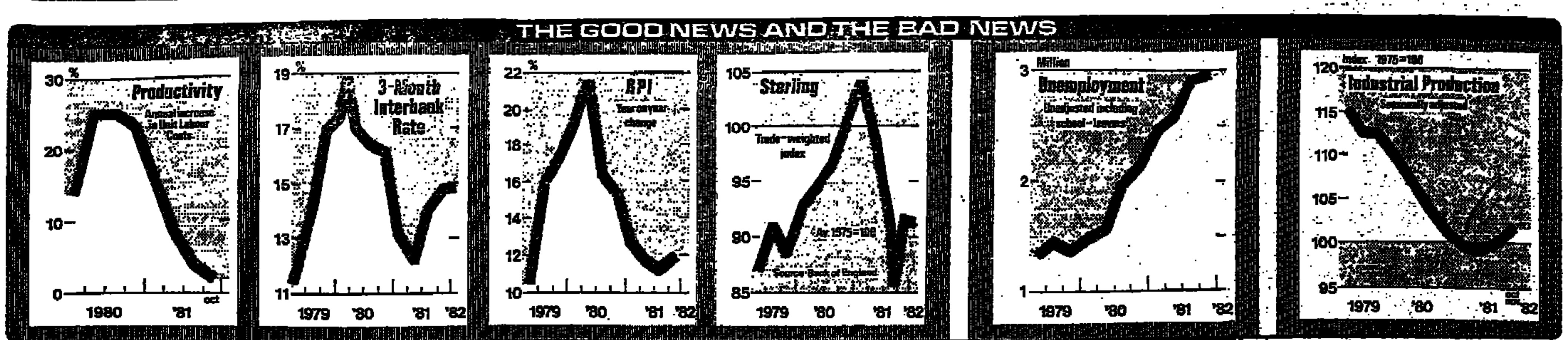
True, the *PCI* now advocates an undefined "third way," neither Western social democracy nor Eastern centralism. But all this adds up to rather less than the nationalisation causing such uproar in France, or the programme of the Labour Left in Britain.

After this exchange of condemnation with Moscow, the ideological bar on the Italian Communists surely ought to fall—and in the longer run it almost certainly will. But the short term is much more complicated. Sig Berlinguer has to tread with the greatest caution. No parties are more conscious of history than Communist ones, and any new policy must be grafted logically onto the old. As the Pravda leader writer knows, rupture with Moscow is bitter enough medicine for many Communist militants brought up on romantic notions of revolution. For this to be coupled with friendly overtures to Italian political parties the PCI has been bitterly attacking could cause open revolt.

Answer

Sig Berlinguer will, therefore, probably insist all the more uncompromisingly on the need for a Communist dominated "democratic alternative" government (rather than the abandoned idea of the "historic compromise" with the long ruling Christian Democrats) as the only answer to Italy's problems. But simple electoral arithmetic means that a Left-wing government would need the backing of the Socialists, and these Socialists are pursuing a tough anti-Communist line, as part of their campaign to present themselves as the only realistic option for Left-*wing change* in Italy.

The Socialists are not likely to change this tune—at least this side of general elections at which they are hoping for handsome gains. That is another reason why immediate political upheaval is improbable in Italy.



Marion Sedgee

Why the jobless will still be with us

By Max Wilkinson, Economics Correspondent

THE recent faint gleams of sunshine over Britain's economic prospects will be somewhat obscured today by the shadow of January's unemployment figures which will show the total still rising to more than an historic 3m.

The figures will provide a most unwelcome contrast to the easing of interest rates last week and accumulated evidence that business activity is, at last, picking up.

In the last two years unemployment has doubled from 1.5m in January 1980 to 2.4m a year ago, in advance of today's figures it stood at 2.94m. In December, the seasonally adjusted adult total (excluding school leavers) was 2.78m, which represents 11.5 per cent of the workforce. This is twice the rate of unemployment experienced in the late 1970s and about eight times the rate in 1960.

In addition to those registered as unemployed there are now some 700,000 young people on special employment and training schemes. According to official estimates these schemes reduce the unemployment total by about 360,000 compared with what it would otherwise have been.

At the latest count, in October, about 780,000 people had been out of work for more than 12 months, almost twice as many as a year earlier.

And yet most observers expect unemployment to go on rising for some time yet in spite of the fact that output is expected to grow about 1 per cent this year after a fall of 7½ per cent from mid-1979 to mid-1981. There are even doubts whether the dole queues will be significantly reduced by the peak of the present cycle which is expected to be in the middle of the decade.

No one has been able to predict when—or even whether—unemployment will return to the far lower level which was considered tolerable only a decade ago. That happier state would require a scale of investment and an increase in demand which is at present beyond the time horizon of economic forecasters.

Meanwhile one irony of the present recovery is that what should be one of the most important grounds for optimism about the British economy—preliminary evidence suggesting that there may be a sharp increase in productivity — is, from the viewpoint of the dole queues, the most depressing. For there is an obvious conflict, in the short term at least, between the desire for industry to be more efficient and the need to create more jobs.

The outlook for employment presented by the main forecasters is far from encouraging. Their predictions, based on the assumption that present Government policies will continue, envisage three broad possibilities:

- A steady rise of adult unemployment is forecast by the National Institute of Economic and Social Research—to a total of 3.4m by the end of 1986. It does not believe that increased output averaging 1¼ per cent a year during the period will be enough to absorb gains in productivity as well as the rise in the working population.
- No reduction of the adult total between 1983 and 1985, which will remain at 2.7m after reaching a peak of 2.8m this year. This is the forecast of *the London Business School*. Most of the independent forecasters lie between the LBS and the Institute's projection.
- A fall to an adult total of 1.9m by 1984 is forecast by Professor Patrick Minford's Liverpool University group. However, the Liverpool group's view of inflation (down to 4 per cent next year) and of growth prospects is very much more optimistic than the consensus of other forecasts.

Whatever predictions the forecasters make must be seen in the light of the rather alarming history of the four recessions since 1964. In each of them unemployment reached a new peak and in each intervening period of recovery, it remained at successively higher plateaux.

However, in considering these higher unemployment levels, it is important to keep in perspective what the figures actually *mean. They do not mean, as is* sometimes suggested, that there is a permanent army of 3m unemployed standing as a sort of mute reproach to the luckier majority.

The 3m total represents a snapshot at a particular time of the total number on the unemployment register. Traditionally this has reflected a constantly moving stream of people on and off the register, but in the past year the position has significantly changed for the worse.

In a recent study* of the increase in unemployment from 1973 to 1980, Mr Bill Daniel, Senior Research Fellow at the Policy Studies Institute, estimated that 90 per cent of the increase represented a longer time between jobs and only 10 per cent an increase in the *number* of people becoming unemployed.

He found that in 1980, half of the people who became unemployed left the register within three to four months, compared with a median flow of one month in the mid 1970s and only two weeks in the 1960s.

"There is surprise that the unemployed do not rebel against their lot: expressions of incomprehension that people do not take jobs that are known to be available; and suspicion that people are content to live off benefit. These feelings ignore the fact that even at current levels of unemployment in Britain, the majority of people who lose their jobs do not become long term unemployed," he says in the study.

Since the time of this study (based on December 1980 data) the number out of work has climbed by another 1m.

Even if the general pattern remains as Mr Daniel describes, the scale of waste and distress is much larger; latest figures indicate that half the unemployed remain on the register for about six months before finding a job.

Moreover, the general increase in unemployment has had a disproportionate effect on particular groups and localities. In particular, the unskilled, the older and the youngest workers have been worst affected. In the north, the north west and Wales more than 17 per cent of adult men are without jobs, and in some towns the position is very much worse.

A recent ORC poll for the London Weekend television programme, Weekend World showed that unemployment is now the most pressing concern of the electorate, surpassing even anxiety about inflation. So there seems little doubt that the Government's record will be judged to a great extent by what happens to jobs between now and the election.

But the Government has little room for manoeuvre, especially if it continues to reject the idea of injecting more than a relatively small amount of extra money into the economy for fear of its impact on the inflation rate. Even a deliberate programme of reflation of £5bn a year, as advocated by the National Institute, could only be expected to reduce unemployment by some 200,000 to 300,000 after five years—*rather* a little compared with the scale of the problem.

The Government argues, therefore, that the best long-term hope is a revival of the UK economy with at least a resumption of past growth trends. For this, an improvement in the long-term growth of productivity is of crucial importance.

In the 1960s which now, so strangely, seem a golden era, total output per head grew at an average of 2½ per cent a year while in manufacturing the trend growth rate of output was between 3 per cent and 4 per cent a year. Since the mid 1970s, however, there has been a marked slowing of the growth rate, in which the UK has reflected a world-wide trend.

For the whole of the last two decades, output per head (a rough measure of productivity) followed extremely closely to the growth track of total output (GDP). But in the last year, something remarkable seems to have happened.

For the first time in two decades productivity has increased sharply while total output was still *falling*. In the 12 months up to September 1981, output per person in manufacturing rose by nearly 10 per cent; and since the last peak of activity in the beginning of 1979, output per person in manufacturing has increased by 3 per cent. Output per person per hour is up 6 per cent even though total manufacturing output has *fallen* by 14 per cent in the period.

This is considered a most encouraging sign because in the last four recessions, productivity has tended to follow output downward. Moreover, there is some evidence that the improvement of productivity has been more marked than would be expected on the basis of previous cycles.

It is too early to be sure whether this represents a fundamental improvement in the efficiency of industry or is just a reflection of the amount of idle capacity now being brought into use. But the Treasury is cautiously optimistic that the competitive pressures on industry will prevent the recent gains from being thrown away by excessive increases in manning during the recovery.

A fundamental improvement in productivity is the key to the Government's strategy for restoring the international competitiveness of British industry. It has rejected the alternative of engineering a substantial fall in sterling because this would raise import prices and thus fuel inflation. In the two years up to the start of 1981, the UK's labour costs per unit of output had risen 45 per cent compared with an average of those in competing countries in the OECD index.

However, thanks to the improvement in productivity and relatively low wage settlements this year, industry's labour costs per unit of output have been increasing at a very slow rate. The annual increase recorded for October was only 2 per cent less than in any other competing country including Japan.

If the productivity is maintained, it is clear that a considerable extra investment will be needed to provide more jobs in an increasingly capital-intensive economy.

But an even more immediate anxiety is the extent to which manufacturing capacity may have been permanently destroyed during the recent exceptionally severe recession.

The possibility that the destruction of capacity may have led to an irreversible downward shift of the trend rate of growth is discussed by Dr Bill Robinson of the London Business School in a recent paper.

He suggests the recession has been so deep, and the turnround relatively so weak, that even at the height of recovery, the economy may not reach the average growth path to be expected from past trends.

This, he says, could mean "a permanent reduction in the true economic capacity of the manufacturing sector." Manufacturing output is now some 22 per cent below the historic trend line.

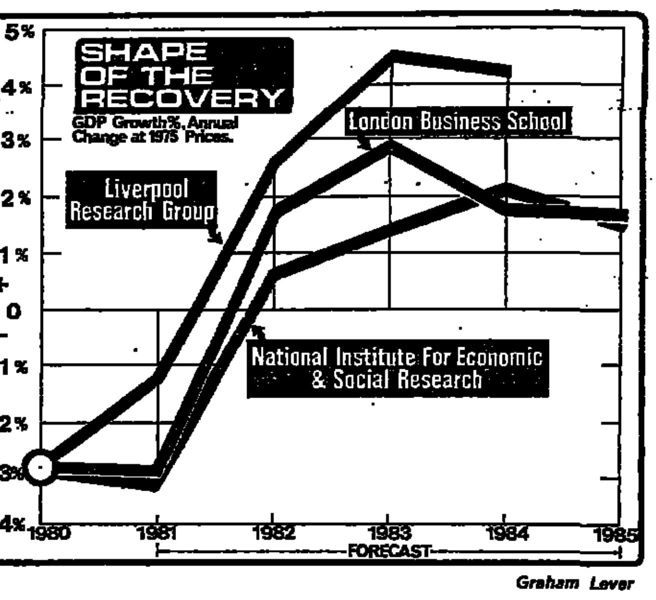
This may be a result of the expansion of North Sea oil production. This, and the Government's interest rate and money supply policies have combined to maintain a fairly high level of sterling even in the face of the wage explosion of 1980.

The result was such an erosion of competitiveness that some industries which have spare physical capacity may have been effectively priced out of business by foreign competition, and may thus not be available to the economy when demand increases.

One rather ominous pointer that this theory may be correct is that imports have surged this autumn by more than would be expected merely to account for the end of destocking. In the three months to December imports in volume terms were 14 per cent higher than a year ago. Even though exports have held up surprisingly well (up 5.4 per cent over the same period), the import surge may imply that British manufacturers are failing to meet the slight increase in demand and that orders are going to importers.

Even if the recovery is faster than expected (perhaps following an improvement in the U.S. or a faster growth of world trade), there may be a further constraint on any improvement in British unemployment. Many experts, including the most recent champion of an incomes policy, Professor James Meade, believe that unless wage bargaining is reformed, the UK will be faced with a bleak alternative between a more or less permanently high level of unemployment or an accelerating inflation rate.

**The Nature of Current Unemployment by W.W. Daniel (British North American Research Association £1.50).*



Graham Lever

Men & Matters

A rocket for Jardines

The Hong Kong sky blazed last night with a firework display marking not only the incoming Lunar Year of the Dog, but also the 150th anniversary of Jardine, Matheson, the mighty trading house which nurtured and still dominates much of the Crown Colony's commercial life.

The Jardine - sponsored £100,000 display was a special treat for the predominantly—98 per cent—Chinese population of Hong Kong. For although the Chinese invented fireworks, they have been banned in Hong Kong since 1967. Handel's Fireworks Music, the 1812 Overture and a Chinese New Year theme echoed across Victoria Harbour as rockets and chrysanthemums were launched 700 feet into the air from offshore buoys.

Jardines was founded by two lowland Scots, William Jardine and James Matheson, who began their trading in Canton in 1832 and bought the first parcel of land sold when the Union Jack was raised over Hong Kong in 1841. The Keswick family, descended from the Jardine side of the partnership, remains the largest single shareholder in the group, which now embraces financial, property, energy and shipping interests with a turnover in 1980 of U.S.$1.5bn.

The Jardine men nowadays are potentates of a most patrician kind, distanced by six and seven generations from their founding fathers' more socially ambiguous work running opium into China. The present "Taipan," or boss, is David Newbigging, a second-generation company man who succeeded Henry Keswick as chairman in 1975.

Keswick's four years in the chair "turned 100 years of Jardine fat into energy," as one executive then put it. A useful legacy for Newbigging, as over the last few years the squeeze from fast-growing Chinese entrepreneurs has wrung beads of clan Jardine brows.

But while the group can look back on 150 years of remarkable prosperity, it only has to look one-tenth of that time ahead before the future blurs into uncertainty. For in 15 years, the Crown lease on Hong Kong runs out. What then? Keswick is sanguine. "Fifteen years is a long time," he says, "it will evolve itself in a Chinese way."

"The 5.30 for Hitchin will depart from platform four as soon as all passengers place their copies of the 'Sun' in the litter bins provided."

Italian job

Nothing seen under the Sun's light on British Rail can yet match the legendary feats of Italy's workshy civil servants.

Rome magistrate Luciano Infelisi has been uncovering more startling stories of sloth by despatching police squads on surprise visits to Government departments to check how many of the people on the payroll are actually at work.

Infelisi's suspicions about the dilatory deliveries of the Italian Post Office were amply confirmed at the sorting office for overseas mail at Rome's Fiumicino airport where only four out of 42 workers were found at their jobs.

A director of personnel at the Post Office was arrested in a dawn raid at the weekend and charged with defrauding the State and dishonesty—charges that could lead to up to 11 years' imprisonment—by working a leisurely 11 am to 1 pm day.

An employee of the State pensions concern who had taken 96 days off for sickness between May and September last year to pursue a secondary career as a hotel porter was also arraigned. More than 150 others have been warned

Post Chase

How high can a Frenchman rise in an English clearing bank? The question is being posed by Midland Bank insiders watching the meteoric career of Herve de Carmoy, the Frenchman hired from Chase Manhattan Bank less than four years ago, to put Midland firmly on the European map.

De Carmoy is spending an increasing amount of his time in London and is delegating more and more of his Continental European responsibilities to Herbert Jacobi, a former Chase colleague.

Jacobi joined the Midland last October and earlier this month took over from de Carmoy as chairman of the executive committee of Trinkaus und Burkhradt, the German bank bought by Midland in 1980.

De Carmoy has been one of the architects of Midland's recent rapid European expansion. He has helped establish major banking operations in France and Germany plus several smaller operations in other countries, and Midland's assets on the Continent now top $8bn. However, he is now spending more time on strategic planning, strengthening the group's worldwide credit-vetting processes, and the U.S., where Midland recently acquired majority control of Crocker National Corporation.

Just where de Carmoy will end up in the Midland hierarchy remains an open question. Jack Hendley, the present senior general manager for international operations (effectively deputy to John Harris, international chief executive) retires in a year or so.

Breaking even

Though President Reagan may not be ready to renounce supply side economics in his State of the Union address tonight, up in New York there are signs that business is getting impatient for a boost to demand.

Tax cuts and faster depreciation have not been enough, it seems, for David Merkatz, a young, small businessman from Brooklyn of the go-getting type the White House thinks will turn its theories into reality.

Merkatz, who owns a couple of shops which replace broken car windscreens, was arrested over the weekend and charged with possession of an air rifle and a powerful scanning device capable of detecting an approaching police patrol car even through a tunnel.

He was also accused, by policemen who claimed they *watched him do it, of* blasting out the windscreens of three cars. Police say there have been more than a thousand similar incidents in recent months.

Observer

TRADE WITH JAPAN

An obstacle race for the West

By Charles Smith, Far East Editor, in Tokyo

Last year Japan had a record $10.3bn trade surplus with the EEC. This week Japanese and European negotiators are meeting in Tokyo to discuss Brussels' demand that Japan take urgent steps to "open up" its market. Japan is very worried by growing Western anger about its success. But it remains to be seen whether it will make real, lasting concessions.

TRADE PROBLEMS between Japan and the West are much worse than most people realise and could lead Europe to impose a total ban on Japanese imports, Viscount Etienne Davignon, the European Commission's vice-president, declared last week. His comments came on the eve of important trade talks between EEC and Japanese officials which began in Tokyo this week.

Whether the Viscount was firing a warning shot across the bows of Nihon Maru (an approximate translation for SS Japan) or whether he really meant what he said, there is no doubt that things are looking grim. The winter of 1981-82 is turning out to be the most uncomfortable season for anyone connected with Japan's international trade relations since the memorable one of 1977-78 when Mr Robert Strauss (President Carter's special trade representative) clashed with Japan's Mr Nobuhiko Ushiba in a protracted and agonising series of negotiations.

The Strauss-Ushiba talks led to an agreement by Japan to open its market more widely to American products and were followed by three quiet years during which Japan worried more about its oil bills than about the reactions of either the U.S. or Europe to its phenomenally successful exports. But the peace was not to last.

The pressures now being applied against Japan by the U.S. and Europe not only cover a wider range of issues than Mr Strauss's 1978 demands but are being backed (at least in the American case) by more explicit threats of retaliation.

The reasons why Japan has come under such acute pressure from the West this winter are not hard to find. One very obvious one is that, on the basis of year-to-year comparisons, Japan's surpluses with both the U.S. and the EEC looked much worse in 1981 than in any previous year. The Japanese surplus with the EEC at $10.3bn was around 10 per cent larger than in 1980 (which itself was a far worse year than 1979) but also accounted for substantially more than half of Japan's total exports to the Community. With the U.S. Japan's surplus more than doubled during 1981, hitting what even the Japanese seem to regard as the unacceptably high level of $13.4bn.

With unemployment in the West at four to five times the levels in Japan, as a percentage of the total labour force, it is hardly surprising that Western nations have reacted to these figures by exerting heavy pressure for the opening of the Japanese market to their exports, or by demanding Japanese export restraint, or both.

The fact that 1982 happens to be a mid-term election year in the U.S. has obviously helped to intensify the pressure.

The danger of a breakdown of free trade between Japan and the U.S. and Japan and Europe would probably look less serious today if the Japanese had been quicker off the mark in responding to early alarm signals from their Western trade partners. When Prime Minister Zenko Suzuki visited the EEC in June last year, he did not appear to have been briefed until the very eve of his trip by officials at the Foreign Ministry and the Ministry of International Trade and Industry about the gravity of the European trade problem or the need for countermeasures by Japan.

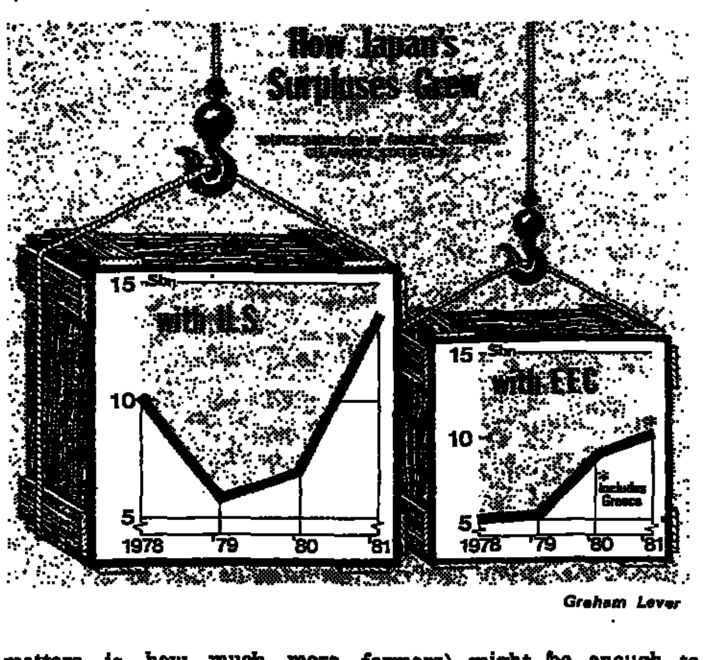
After his return, Mr Suzuki gave orders for a Japanese Government mission headed by veteran businessman, Mr Yoshihiro Inayama, to visit Europe in the autumn.

On Mr Inayama's return to Tokyo, the Government decided to view trade relations with Europe as both a short-term and a long-term problem. Even then, it was not until early December, following a Cabinet reshuffle which replaced both ministers concerned with Japan's external economic relations, that the Government was able to come up with modest tariff cutting and an "emergency import" package.

The December package was not, as it turned out, Japan's last word on the subject of import promotion. Early in the same month, in a move which broke the tradition of leaving trade problems to bureaucrats and bringing politicians only into the final stages of the decision-making process, Mr Suzuki established a special committee of Dietman (members of the Japanese parliament) which was to consider additional urgent measures to open the Japanese market to imports.

The Esaki Committee (named after the ex-Minister of International Trade and Industry who heads it) has come up with a list of nearly 100 non-tariff barriers and a majority of these seem likely to be legislated out of existence during the current Diet session. (The full list is due for publication on Friday, but leaks in the Tokyo press have already revealed what the committee may have in mind.)

The long lists of administrative barriers to imports—ranging from elaborate and idiosyncratic inspection procedures to seemingly absurd regulations on the marking of weights and measures on imported goods—that have appeared in the press during the past few weeks look very much like an admission that the Japanese market was not as open as officials had been saying. The question, however, is what happens next: Japan may take the position that by removing some 90-odd highly technical obstacles to trade, it is at last opening its market fully to Western products. Western nations are more likely to argue that the Esaki Committee's recommendations make only a small dent in the problem of Japanese non-tariff barriers and that what really matters is how much more Japan has to offer.



Graham Lever

Unless the new Japanese package on non-tariff barriers silences Western trade critics, there is a danger that the next phase of the argument will be aggravated by conflicts of interest between the U.S. and Europe. In the past three months both Brussels and Washington have submitted explicit lists of demands to the Japanese authorities and have set deadlines for an answer (the U.S. by late February, the EEC apparently by the time of the "high level" consultations which are due to be held between Japanese and European trade officials in Tokyo later this week).

Washington's list of demands has never been published. The Brussels list, which has also never been formally issued, includes both specific and general requests. The former relate mainly to tariff and inspection procedures; the more general items cover almost the entire range of supposed obstacles to doing business in Japan, including the difficulty for foreigners of actually taking over a Japanese company. Japan is unlikely to meet both sets of demands in full during the current round of trade bargaining, if only because the political cost of doing so (in terms of offence caused to powerful domestic lobbies such as farmers) might be enough to bring down the Government. But it may face a very difficult task in deciding how to distribute its favours.

If it comes to a crunch, Mr Suzuki seems likely to lean more toward satisfying the Americans (whose major weapon is that Congress can pass anti-Japanese legislation whenever it wants whereas the EEC has no fewer than 10 national parliaments to wrangle over trade issues).

If Japan can survive the next few weeks of gruelling trade negotiations, and if the U.S. Congress holds its hand on some of the more damaging pieces of legislation now being mooted, there should be a chance of at least a short-term reduction in trade tensions. Although the figures for the whole of 1981 do not show it, Japan's trade surplus with the EEC had began to shrink during the second half of the year and in the final quarter even the figures for Japanese exports to Europe were starting to fall from year-ago levels.

One reason why a continued slackening of Japan's export dynamism looks probable is that an estimated 25 per cent of the country's total exports (including most of the cars, steel and electronic products sold in Europe and the U.S.) are now subject to restraints of one kind or another and therefore cannot be expected to grow much, if at all, in 1982. A second point is that economic conditions are now so bad in virtually all Japan's major markets (not just the Western industrial ones, but also China, the Middle East and South-East Asia) that the demand may simply not be there in 1982 to support the kind of growth that Japan has come to take for granted.

Trading company analysts who have been pursuing this line of thought (and who have also taken into account the sharp downturn that occurred in Japan's actual trade performance in the last two months of 1981) are arguing that Japan may register a smaller trade and current account surplus this year than last instead of the much bigger one that most forecasters, including the Government, were expecting until recently. They also believe that Japan may, at long last, be shifting towards a domestically oriented growth pattern (i.e. one in which most new demand for Japanese products comes from inside the country) in place of the heavily export-oriented growth pattern which has been the rule for the past two years.

Thoughts like these should help to reassure Japanese and EEC trade officials as they get down to what will undoubtedly be an extremely tough round of discussions. But there are two reservations to be borne in mind. First, whatever the truth may be about current trends in the Japanese economy, it will have little bearing on the actual state of Japan's trade relations with the West unless figures are available to prove what is happening. Secondly, even if the next phase of Japanese growth turns out to be less export-oriented that the last one, it will almost certainly turn to be only a phase.

The fundamental problem that underlines Japan's trade problems with the West is that the Japanese economy depends for its survival on a handful of ultra-competitive industries that must sell abroad or face massive contraction. Until Japan develops a taste for imports as powerful as its urge to export, or until Europe and the U.S. have industries that are as competitive as Japan's, the problems can be expected to continue.

Lombard

No market for good news

By David Lascelles in New York

ARE THE financial markets basically optimistic or pessimistic? Judging by their dismal performance in the U.S. last year, you would have to say pessimistic. But that is surely wrong because basic pessimism would have destroyed markets long ago. It is the hope that springs external that keeps markets alive.

What one can say, though, is that American markets have developed a deep sense of cynicism, particularly about such matters as government's ability to fight inflation or the central bank's willingness to stick by tough monetary policies. This cynicism makes it specially responsive to bad news which always tends to confirm its worst fears. Good news, on the other hand, has usually been discounted in advance and makes little impact when it actually arrives. Thus, a rise in inflation is more likely to depress markets than a decline in the government's budget deficit is to cheer them up. Some clever analyst will always point out that while overall inflation is down, "worrying trends" can be seen in key materials or the level of wage settlements. He will look for the bad news.

This might explain to some extent why the pessimistic forecasts of Wall Street's consistently bearish pundits get so much publicity and make such an impact. Yet there are some who have quite encouraging things to say about the outlook but do not get the same hearing.

One of them is Mr Leif Olsen, a figure of no mean standing in his capacity as chairman of the economic policy committee of Citibank, New York's largest bank. Contrary to the gloomy prophets who forecast jagged but upward rising interest rates this year, Mr Olsen is forecasting jagged but downward moving rates. Why?

The key to his thesis is that U.S. inflation is finally on an unmistakable downward trend—a watershed has been passed, he thinks. This realisation will gradually seep into the markets this year, and investors will see what extraordinarily high yields they can get on financial assets compared to diamonds, Chinese ceramics, real estate and all the other things that inflation has driven them into. Once this change in psychology occurs, people will start buying bonds and interest rates will come down.

Mr Olsen is also quite optimistic about the capital markets' ability to cope with the growth in credit demand this year (which he thinks will rise even more sharply than predicted by Dr Henry Kaufman, the arch-pessimist) because history shows that surges in borrowing do not necessarily push up interest rates. As for the deficit, he is confident that the Reagan administration will address the problem by raising revenues and cutting spending.

He also thinks the Fed will stick to its guns and reduce the uncertainty in the marketplace, which will in turn speed the downward movement of interest rates and ease economic distress. Before long, the markets will move out of what he calls "the aberrant phase" they have been in for the last few years, and things will get back to normal.

The striking point about Mr Olsen's forecast is that unlike Kaufmanesque predictions based on complicated analyses of credit flows, it leans heavily on hope: hope that the Reagan Administration will sort out its budget problems, hope that the Fed will win through, hope that the markets will see what bargains are available.

"I want to take some of the fear out of the markets," he commented when asked about this. "All that pessimistic forecasts do is validate the cynicism of the markets."

Noble these motives may be. It has to be said, though, that Citibank's forecast did not make the front pages of the newspapers or send tremors through the market—which was probably a disappointment for Mr Olsen who said he wanted to get a more optimistic view into the marketplace. Ironically, though, it bears out his argument that the markets are not particularly interested in good news and, for the time being at any rate, only want to be told the worst.

Letters to the Editor

Bank mortgages and the money supply

From Mr Kevin W. Wilson.

Sir,—The recent action by the Bank of England in asking the banks and licensed deposit takers to desist from providing mortgages in excess of that properly required for house purchase and improvement has been met with derision by free marketeers and those who think they understand monetarist philosophy. The accusations levelled from all sides, including reputable stockbroking firms, reveal a persistent and worrying miscomprehension of the relation between the provision of credit and the money supply.

Let me explain. Monetary control is all about managing the expenditure capability within the economy to within a tolerable level. The shifting provision of mortgages from the Building Societies to the banks is likely to increase this expenditure capability if persons are opting to borrow from banks because they can obtain finance more cheaply to purchase other things, usually consumer durables. Individuals are clearly engaging in the substitution of credit, away from finance houses and overdraft facilities and into mortgage borrowing, with the necessary side effect that the Building Societies are deprived of business.

It is precisely because the Building Societies are restricted in both the amount and nature of their lending that this anomalous position has arisen. Whilst you cannot blame people for taking advantage of this opportunity, it is futile to argue that the imposition of another "control" upon credit allocation is tantamount to a policy reversal, especially when it is a legislative constraint upon Building Society operations which created the anomaly in the first place.

Finally, I find it astounding that those who profess to understand monetarism fail to realise that Building Society and bank lending are not substitutable. The transfer of lending from a "non-bank" to a bank must be inflationary if the latter creates money and the former does not. It is natural, therefore, that in the application of a policy for monetary control the authorities should react to a situation which will clearly increase the money supply and (they say) inflation. The argument that such action is not related to monetary control is clearly false.

Kevin W. Wilson.
Charlton Seal Dimmock & Co.
76 Cross Street, Manchester.

Valuations for house insurance

From the Secretary-General, British Insurance Association.

Sir, — The cost of rebuilding has for many years been the correct basis on which to calculate the right amount for which the structure of a house should be insured. This is logical, as the insurance company undertakes to pay the cost of repairing damage sustained or rebuilding in the event of total destruction.

Market values are not a reliable guide, as suggested by Mr Howe (letters, January 25). Properties that are similar — and thus present similar risks to the insurance company—can vary widely in market value according to locality, the general state of the housing market, even the time of the year. Further, it is quite possible for substantial repairs to exceed the market value of a house, and the policyholder would be severely disadvantaged if he was not adequately insured.

The figures produced by the Building Cost Information Service of the RICS, published annually by the BIA in leaflet form, provide reliable guidance to householders on costs they could be faced with and thus the amount for which they should purchase insurance protection. It is worth pointing out that the figures do reflect the fact that prices of building materials have been depressed because of the present economic situation.

R. C. W. Bardell.
Aldermary House,
Queen Street, EC4.

There are no votes in starvation

From Mr G. D. Hunter

Sir,—As an employee representative of the Agricultural Research Council, I should like to remind your readers of the very serious situation that has arisen in the Agricultural Reseach Service. As your correspondent indicated (January 15), the Agricultural Research Council is proposing the close down of the Animal Breeding Research Organisation laboratories in Edinburgh and also that part of the Long Ashton laboratory concerned with fruit growing. These are facilities built up patiently over many decades and the expertise of senior staff once dispersed could not be effectively reassembled for a very long period indeed.

In the view of my Panel, the proposed measures are extremely short-sighted. Our animal breeders and growers of hard fruit need all the support they can obtain to meet increasing continental competition, and when the world finally climbs out of the current recession, one can clearly see that we in Britain will depend heavily upon our capacity to innovate successfully. The organisations now about to be destroyed will not then be easily replaced.

We do not wish necessarily to criticise the Agricultural Research Council, which has been forced to take some drastic action by the systematic reduction of funding in real terms over the last few years. The real culprit is the present Government, and their action is all the more incomprehensible in that all recent studies have demonstrated the outstanding cost-effectiveness of agricultural research in this country. The difficulty lies, I suspect, in the difference between the time scales of the life of governments and of success in scientific and technological enterprise. There are no votes in science we have been told unofficially; but, Sir, a future government may find that there are no votes in starvation either.

G. D. Hunter.
Chairman, Higher Grades Panel,
A.R.C. Branch,
Institute of Professional Civil Servants,
Tonayne House,
Oxford Road,
Donnington,
Newbury, Berks.

Fiscal incentives for small firms

From the Chairman, Smaller Firms Council, CBI

Sir,—When I read the recent (FFI paper entitled "Capital Structure of Industry in Europe," to which Lord Caldecote refers in his letter (January 19), I was greatly encouraged to find that its analysis and argument are very close to those of the CBI. Making borrowing easier for people who cannot afford to service the borrowing does not solve their financial problem. A sound equity base is essential to a business that is to be successful and grow in the longer term; and equity from an individual personally committed to the success of the venture is the best and most appropriate for small private companies.

The CBI has been doing all it can to drive this message home. In particular, its proposals for legislation to allow the setting up of Small Firms' Investment Companies would, if implemented, do precisely what Lord Caldecote suggests by providing fiscal incentives to enable the bringing together, often at a local level of those with capital to invest and those needing capital.

The CBI is therefore already in the field and plans to stay there!

Jeremy Pope.
Centre Point,
103, New Oxford Street, WC1.

Cheap transport in London

From Mr George Stern

Sir,—The former GLC Leader, Sir Horace Cutler, describes Ken Livingstone and his supporters as Marxists, and he seems to tie this up with their cheaper fares policy (Letter January 21).

On this basis, Mayor Koch of New York or Mayor Chirac of Paris must be to the left of Mao. What is so tragic about London is that we have all seen where high fares lead to in several North American cities such as Los Angeles or Detroit: declining usage, much higher costs per passenger, withdrawal of services, massive road building, endless jams, the death of the city centre and the creation of poor areas like Watts completely isolated from any possibility of reaching a work place.

By contrast the modern policy of low fares not only helps to make a city prosperous and one in which it is a pleasure to live and work, but it also leads to lower public transport costs. In 1980, for example, total costs per passenger-mile on Paris's wonderful system were 11p, while on London's bombed-out, uniquely awful public transport, costs were 12p—and in a country where people earn much less. This had nothing to do with greater automation in Paris: it is true that staffing levels are much lower but wages are much higher, so that on both systems, surprisingly, wage costs per passenger mile were 7.3p.

Sir Horace is keen to throw about his "Marxist" charge and to refer to the fact that Labour Members are not top-drawer, but it is worth observing that while plenty of middle and upper class officials, often titled, have been uncovered as KGB agents, no such accusation has been made in connection with left-wing Labourites. And I wonder who does the work of subversion more; the man who advocates the city-killing policy of high fares, or the man who tries to put London on the path trodden so successfully by European capitals?

George Stern.
6, Eton Court,
Shepherds Hill, N6.

Rank 'encouraged' by £103m—holds payment

CONSIDERED TO be an encouraging performance in the light of extremely difficult trading conditions throughout the period, taxable profits of the Rank Organisation were down from £109.42m to £102.76m for the year ended October 31 1981, but Mr Harry Smith, chairman, who retires from the post after the annual meeting, says the group looks to the future with great confidence.

The dividend is maintained at 10.8p net per 25p share with a same-again final payment of 6p.

Arising from higher rates and the cost of translating overseas interest into sterling, interest charges for the 12 months increase by £6.24m to £28.26m. Directors say there were no additional borrowings during 1980-81.

At halfway pre-tax profits had fallen from £53.45m to £36.68m.

Group turnover for the year advanced from £596.72m to £618.4m and trading profits amounted to £39.14m, compared with £37.22m previously after £2.2m rationalisation and redundancy costs. Associate share of profits was unchanged at £6.7m, and the share of profits from Rank Xerox was slightly behind at £85.2m, against £87.5m.

The accounts of this company have, for the first time, been prepared in accordance with the provisions of U.S. Financial Accounting Standard 52. This requires that gains or losses made as a result of currency fluctuations in translating subsidiaries' accounts be reflected as part of shareholders' funds, rather than included in the profit and loss account.

The result has been an adjustment of £15m over that which would have been reported had the former Standard (FAS 8) been applied. Adjusting the previous year's figures on the new Standard would have reduced Xerox's contribution by £1.8m; comparatives have been re-stated accordingly.

Although there was a small decline in Xerox's profits, the directors say a better indication of its operating performance will be seen by excluding exchange rate effects. On this basis the surplus rose by 4 per cent.

The 5 per cent increase in group trading profits arose largely from improved results from Rank Cintel, Rank Industries America, Rank Industries Asia and Rank City Wall, and the elimination of loss making operations, Mr Smith says.

"Our forecast for 1982 indicates a marked improvement in profits for the Rank controlled activities." Looking beyond 1982, the action taken in recent years will ensure a good performance from traditional activities, he says, adding that the group also has exceptional growth prospects through its extensive involvement in information technology.

Rank Xerox is in the process of launching a new product range for the office of the future, and group investments in Zynar and Telecom Equipment Corp, New York, "give us a further involvement in information technology, with excellent prospects for rapid growth," says Mr Smith.

Trading profits of the international and film and television services divisions and the property company improved considerably, while those of the leisure and hotels, and holidays divisions were lower. The industrial division recorded a trading loss of £3.8m, after absorbing heavy redundancy and other rationalisation costs.

Net borrowings have been reduced from £302m to £190.8m; the debt equity ratio from 103.4 per cent to 33 per cent; distributable reserves have improved from £23.4m to £60.7m, and the value of assets per share from 161.9p to 280.6p, the chairman points out.

He adds that a new management team has been established, within a new structure appropriate to the group's future needs.

Tax for the period took £44.22m (£50.97m), and after minority interests, £5.59m (£4.11m) and an extraordinary debit much lower at £1.94m, compared with £20.02m, the attributable balance came out well ahead at £51m, against £34.33m. Dividends absorb £22.4m (same) and earnings per share are shown as 25.9p (26.6p).

Pret-ax profits of subsidiary Rank Precision Industries (Holdings) slipped from £51.98m to £48.43m, and investment income, net of related tax credit, but before corporation tax, of subsidiary A. Kershaw and Sons, fell from £7.33m to £5.65m.

See Lex

HIGHLIGHTS

After briefly looking at the impact on London markets of last week's poor U.S. money supply figures Lex moves on to consider the latest figures from **Rank Organisation**. Rank's results appear to be very good, mostly because of adjustments to the treatment of foreign currency earnings by Rank Xerox. But there is also an underlying improvement at Xerox while the other businesses are not quite as bad as had been expected. The bullish statement on current trading helped the shares up 16p yesterday. The column then examines **Rowntree Mackintosh's** bid for **Huntley and Palmer** which is being rejected despite a healthy looking price earnings relative. Finally Lex comments on **Croda's** second defence document which concentrates on its own financial performance.

David Smith slips to £530,000

WITH DEMAND fluctuating at a low level and pressure on margins David S. Smith (Holdings) turned in lower first half profits to October 31 1981. The taxable surplus fell from £864,000 to £604,000, although this represented an increase of £116,000 over last year's second half. Turnover for the six months declined from £4.25m to £3.77m.

However, despite a fall in stated earnings of 1.9p to 5.8p per 20p share the net interim dividend of this photolitho printed packaging materials manufacturer is being maintained at 2.5p. Last year a total of 7p was paid out of pre-tax profits of £1.35m.

Mr D. S. Smith, chairman, says that despite the difficulties, the company—with the co-operation of its workforce and sufficient reserves—is well placed to increase production on demand. Predictions of an improvement in the national economy, he says, have so far proved unreliable and it is not possible to assess the outcome of the year with any degree of accuracy.

The taxable profits were struck after depreciation of £49,000 (£52,000), and included deposit interest received of £123,000 (£116,000). Tax took £291,000 (£449,000) leaving net profits of £313,000 (£415,000). Dividends absorb £135,000 (same).

E. Elliott reduces loss

IMPROVEMENTS effected in E. Elliott over the past 18 months are reflected in the improved trading for the six months ended September 30 1981, say the directors.

Taxable losses are reduced substantially from £208,000 to £24,000 while turnover is up slightly from £2.74m to £2.85m.

The directors of this optical goods manufacturer and moulder in plastic say they have decided on a further phase of reorganisation which will incur substantial expenditure in the second half year.

They add that, although the results for the full year are likely to be disappointing, the prospects for 1982-83 are encouraging, particularly if there is an upturn in the economy.

The improved results were struck despite reorganisation and closure costs of £45,800 (nil), and after depreciation of £89,700 (£59,000) and interest payable of £52,600 compared with £79,000 previously. Again no tax was paid.

No dividend will again be paid. The last payment was an interim of 1p net per 25p share in 1980.

Hardys and Hansons lager sales dull

AFTER INCREASES in lager consumption going back for a few years Nottingham brewer Hardys and Hansons is experiencing a swing away from it, says Mr T. E. Forman Hardy, chairman, in his annual review. However with bitter at 41p and mild at 39p a pint, in its managed public house bars, its prices are very competitive.

The company's expansion and modernisation scheme, which brought about an improvement in general standards, was completed in March 1981, and the new equipment is working satisfactorily.

During 1982 the company will open a public house which is under construction in Maltby in Yorkshire. In 1979-80 the company had a spate of opening new public houses but there are now fewer good sites available, caused to some extent by the reduction in house building, Mr Hardy says.

Current cost adjustments reduced the taxable profits for the year to October 2 1981 of £2.51m (£2.65m)—reported on December 19—to £2.33m. At the year end shareholders' funds stood at £19.21m (£8.65m). Fixed assets, after a revaluation, were shown at £17.94m (£7.8m). Investments and loans were £2.98m (£2.05m) and net current assets came out at £536,000 (£638,000). Working capital fell by £171,000 (£347,000) during the year.

Meeting: Nottingham, February 16, noon.

Alton Pkg

PRE-TAX profits of Alton Packaging Corporation, an American subsidiary of the Dublin-based Jefferson Smurfit Group, were down from $4.65m to $3.91m in the final quarter, but figures for the full year to December 31, 1981 moved ahead from $18.97m to $19.25m.

Net sales for the year rose from $334.34m to $362.17m, with $85.86m ($84.42m) coming in the fourth quarter. The year's tax charge was slightly lower at $7.69m ($8.49m), leaving net profits ahead at $11.56m compared with $10.49m. There was a net extraordinary debit of $2.09m ($2.69m) and this resulted in net income emerging at $9.48m ($7.8m).

SPAIN

January 25	Price %	+ or −
Banco Bilbao	343	−4
Banco Central	354	−6
Banco Exterior	319	−4
Banco Hispano	334	−3
Banco Ind. Cat.	115	
Banco Santander	359	−1
Banco Urquijo	217	−2
Banco Vizcaya	389	−6
Banco Zaragoza	231	−2
Dragados	152	−8
Espanola Zinc	60	
Fecsa	62	
Gal. Preciados	48	+2
Hidrola	67.7	+0.2
Iberduero	82	−1.2
Petroleos	97	
Petroliber	98	
Sogefisa	30	−2
Telefonica	72	−0.5
Union Elect	66.2	−0.3

Alexanders Discount advances to £1.75m

DESPITE CONTINUING uncertainty, with difficult trading conditions created by volatile interest rates, the discount house Alexanders Discount Company increased profits after rebate, tax and a transfer to contingency reserves from £1.25m to £1.75m in 1981.

The final dividend is being lifted from 11.5p net per £1 share to 13p making a total for 1981 of 18.5p (17p). The year's distribution absorbs £910,000 (£834,000).

This result is pleasing, the directors say, not only because it allows an increased dividend but also because of the increase in the trading base and thus the size of the portfolio which may be carried. The general reserve they say has been restored to its 1978 level of £5m (£4m) after a transfer of £500,000 from the contingency reserve and £500,000 from profits.

The balance of profit carried forward rose to £1.16m (£828,000) after this £500,000 transfer.

At year end the balance sheet total was £464m (£434m) and included Treasury Bills of £41m (£86m), other bills of £271m (£251m) and sterling certificates of deposit of £78m (£37m). The net holding in government stocks was £4m (£400,000) and local authority securities, all of the variable rate type were £49.5m (£50m).

● comment

After the misfortunes of Smith St Aubyn, the results from Alexanders come as an agreeable surprise. The company's hidden reserves have risen despite a £½m transfer into the published general reserve, so real net profits last year must probably a fair bit more. Alexanders kept its head down in the very difficult third quarter and capitalised on the fall in market rates in the last few months of the year; just as importantly, it avoided damaging excursions into the gilt-edged market. So the December balance sheet shows a mere £4m of gilt-edged stock—although it is a fair bet that Alexanders has lengthened its book slightly since then. At 253p, up 18p yesterday, the shares yield a solid-looking 11 per cent on the have been at least £2½m and increased dividend.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alexanders Discount	13	March 17	11.5	18.5	17
Allied Textile Co	4.42	April 3	4.02*	6.98*	6.58*
Meggitt Holdings	nil	—	0.42	nil	0.84
Mercantile House ...int	3.5	March 15	2.5*	—	8.75*
Palmerston Inv Trust int	1.0	March 4	0.6	—	2
Rank Org	6	April 12	6	10.8	10.8
D. S. Smith ...int	2.5	Feb 26	2.0	—	7

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Mercantile Hse. leaps to £6m

TAXABLE PROFITS of the international financial services group Mercantile House Holdings more than doubled from £2.85m to £6.11m in the first half to October 31 1981, and turnover jumped from £15.85m to £31.7m.

This follows the acquisition of R. J. Rouse and Co—now renamed Rouse Woodstock—and the Cosmorex Group, though the results only take into acount two months figures from these companies.

Mr John Barkshire, the chairman, says trading conditions are satisfactory at present and he is confident that full year results "will reflect these conditions."

With an increase in stated earnings per 25p share from 11p to 18.2p the interim dividend is being raised from an adjusted 2.5p to 3.5p net. Last year a total of 8.75p (adjusted) was paid out of pre-tax profits of £7.38m and a one-for-one scrip was made.

Tax took £3.22m (£1.44m) leaving net profits of £2.89m (£1.41m), and after minority debits of £2,000 (£9,000) and dividends of £613,000 (£352,000) the retained profits emerged at £2.27m (£1.04m).

The directors say they have been concerned for some time by the distorting effect that fluctuating exchange rates can have on profits, especially now that a significant proportion of the group's earnings and assets are in currencies other than sterling.

They have therefore decided to follow the exposure draft issued by the Institute of Chartered Accountants and deal with profits and losses arising from exchange rate movements by adjustment to the group's reserves. This half year's results follow this policy and previous years' comparative figures have been re-stated. The effect of this policy in this half-year has been to increase reserves by £424,000.

● comment

As usual, Mercantile House's figures are heavily distorted by its acquisitional track record. Once allowance for the series of purchases over the last 18 months is made it looks as if underlying pre-tax profits may—very roughly—have risen by about 20 per cent. The group has been ploughing money into transforming Woodstock from a trader in agricultural commodities to a dealer in financial futures in the period, so the underlying performance on the money broking side has been considerably better than the overall average. Moreover, the William Street broking business in the U.S. has been showing strong growth. By contrast, quiet commodity markets mean that the contribution from Rouse has turned down. Nevertheless, the group still plans to expand its commodities business aggressively and diversification in this area is probably the main reason that it is rated below Exco International. Mercantile should make £13m this year, with the Far East likely to produce growth in money broking subsequently. The shares rose 20p to 460p yesterday, producing a prospective p/e of about 12 fully taxed.

Allied Textile pays more despite static 12 months

TAXABLE PROFITS and turnover of Allied Textile Companies remained virtually static at £3.11m and £29.91m respectively for the year to September 30, 1981, compared with £3.07m and £29.63m.

However, after a tax credit of £590,000 (including a credit of £1.89m for deferred tax no longer required), against a charge of £1.45m and an extraordinary debit of £662,345 (£480,670) for mill closures and reorganisation costs, the available profit for shareholders came through much higher at £3.03m, which compares with £1.15m a year earlier.

Along with a final dividend of 4.42p the directors are proposing a scrip issue on a one-for-ten basis—the scrip shares ranking for the final payment. This raises the net total to the equivalent of 6.9836p, against an adjusted 6.5818p.

The pre-tax surplus included exceptional income of £31,003 (£144,198).

Despite no general improvement in trading conditions, the group maintained its mid-year taxable profits at £1.28m (£1.27m).

● comment

Allied Textile has some £12.7m of cash in its latest balance sheet, almost £6m more than was there six months ago, and it was the adjustment to this change that put 15p on the share price yesterday. At 173p, Allied is capitalised at only slightly more than the value of its cash; the rest of the business is thrown in for 3.5p a share, or around £0.25m. This might be thought a rather ungenerous assessment by the market, since Allied's consistent policy of loss elimination has helped to sustain one of the more resilient profit records in textiles over the last three years. Yet the shares still yield 6½ per cent, more than half a point above the sector average. The problem may be that there is no very clear idea of where Allied is going, in the longer term, or of what it is going to do with its cash. Takeovers may be the way forward, but until Allied actually makes an acquisition the pattern of its future earnings will remain worryingly indefinite. A cash distribution to shareholders would resolve this conundrum, and might be the eventual solution. But any move of this sort would have to be preceded by a green light from the revenue.

Reckitt in Australia

PRE-TAX PROFITS of Reckitt and Colman Australia improved by 6.5 per cent to A$30.2m in the year to October 31 1981.

Mr I. R. L. Harper, the chairman, says there were special factors which contributed to this lower-than-usual rate of increase: abnormal items added only $0.69m to profits compared with $2.14m a year earlier; marketing expenditure increased significantly, the full benefit of which will not come through until 1982 and later years; increased competitive activity in several of the company's principal markets, combined with an escalation of costs, and higher interest rates and increased borrowings in support of another year of major capital expenditure in upgrading and refurbishing its major factory complex.

It has been decided to raise the final dividend from 7.25 cents to 7.75 cents, making a total of 15.25 cents against 14.25 cents.

This continues the unbroken record of annual dividend payment increases since it became a public company in 1968. It is proposed to make a bonus issue out of asset revaluation reserve in the ratio of one for 10.

In the absence of unforeseen circumstances, the directors expect at least to maintain the dividend rate on the increased capital.

Mr Harper says the new trading year has opened satisfactorily.

Sales during the year were 15.8 per cent higher at $236m. An extraordinary loss of $2.13m resulted from the sale of the group's waste disposal company. This business had failed to live up to earlier expectations, and the board believed that the long-term interests of stockholders would be best served by its sale. Attributable profit, after the extraordinary items, was 4.2 per cent lower than in the previous 12 months.

28 companies wound up

Compulsory winding up orders against 28 companies have been made by Mr Justice Slade in the High Court. They were: Oriel, Marketing For Travel, Corporate Management Planning, Simpsons of Wembley (American), Hagmans Chemical (UK), Montrose House, Industrial Factors, Hornstay Estates, Globe Storage, Environ Engineering Services, Troylane, Anglo Sardinian Tours, Hadouglen, Hemisphere Holidays, D.P.N.A., Mead Transport, Togglechoice, Evenflo, Stateside Import and Distributing, Jeweltone, North West European Leisure Supplies, Wyndsham, Bowker Brothers (Clothing Manufacturers), Contract Abrasives, P.G. Designs (Wolverhampton), Fine Foods (Enfield), Prawlbarr Contractors, and S. D. Signal Processing.

Compulsory winding up orders made on January 18 against Charles Cox (Subsidiary) and John Head and against Crownmart on January 11 were rescinded and the petitions dismissed by consent.

CAMRA raises £217,000

which operates seven public houses and two off-licences, is raising £217,000 net by way of a rights issue of 232,000 shares at 100p per share on the basis of two new shares for every three held.

The company, which reported pre-tax profits of £19,000 in the 24 weeks to July 13, 1981, compared to £20,500 in the previous period, said the funds would be used to pay for three new pubs.

The group has already bought and is redeveloping the Lattice House in Kings Lynn. It is paying £65,000 to buy the King William IV in Northampton and £53,000 for the Alma Brewery in Cambridge, which also has an outside catering business.

No taxable profit forecast is offered for the year to January 1982, compared with £29,000 last year.

The directors say that "during the second half, management accounts indicate that both sales volume and net profit are running ahead of the same period last year."

The rights are offered to shareholders on the record on January 8 and the last date for acceptance is February 15. Brokers to the issue are Hill Osborne.

Dealings in Camra shares take place under Stock Exchange rule 163 (2) and there were dealings last week at 100p. The company hopes to be introduced to the Unlisted Securities Market following publication in March of its annual results.

Horne Bros. £0.48m in red

ON TURNOVER lower at £13.18m, compared with £14.48m, Horne Brothers, general outfitter, finished the year to September 5 1981 £477,000 in the red at the pre-tax level against a profit of £40,000 previously.

Stated loss per share was 107.5p (11.7p earnings). But the dividend is maintained at 4p per share—all the issued equity capital is privately held. The company has close status.

LONDON TRADED OPTIONS

Jan. 26 Total Contracts 2,571. Calls 2,077. Puts 494.

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	280	26	5	34	—	42	—	298p
BP (c)	330	10	—	14	—	19	1	"
BP (p)	280	12	59	16	—	22	—	"
BP (p)	300	24	53	26	—	32	—	"
CU (c)	120	22	1	27	—	31	—	135p
CU (c)	130	15	27	19	1	22	—	"
CU (c)	140	8	27	14	—	18	—	"
Cons. Gld (c)	420	52	5	64	—	72	—	452p
Cons. Gld (c)	460	25	5	42	—	50	—	"
Cons. Gld (c)	500	12	16	27	—		—	"
Cons. Gld (p)	420	12	3	16	—	22	—	"
Cons. Gld (p)	460	27	1	37	—	55	—	"
Ctlds. (c)	60	24	3	28	—	—	—	81p
Ctlds. (c)	70	14½	15	18	10	23	7	"
Ctlds. (c)	80	7	32	9	9	13½	—	"
GEC (c)	800	52	46	73	—	92	—	827p
GEC (c)	850	22	77	42	—	55	2	"
GEC (p)	750	8	22	14	—	—	—	"
GEC (p)	800	20	75	30	—	32	—	"
GEC (p)	850	42	5	49	—	52	—	"
Gr'd Met. (c)	180	16	13	24	1	29	2	192p
Gr'd Met. (c)	200	7	21	13	—	15	—	"
Gr'd Met. (p)	160	4	3	4	1	—	—	"
Gr'd Met. (p)	180	9	75	15	1	14	—	"
Gr'd Met. (p)	200	17	17	22	1	25	—	"
ICI (c)	260	74	8	84	—	—	—	330p
ICI (c)	300	34	35	46	3	58	—	"
ICI (c)	330	15	18	24	55	34	—	"
ICI (p)	280	4	—	9	2	—	—	"
ICI (p)	300	9	8	16	3	20	—	"
ICI (p)	330	20	15	26	—	30	—	"
Land Sec. (c)	300	23	10	31	—	41	—	304p
Mks & Sp. (c)	100	44	10	47	—	—	—	139p
Mks & Sp. (c)	120	24	25	29	—	—	—	"
Mks. & Sp. (c)	130	14½	—	19	12	24	—	"
Mks & Sp. (c)	140	7	38	11	—	16½	2	"
Shell (c)	390	14	—	20	6	30	1	378p
Shell (p)	360	12	—	18	—	24	1	"
Shell (p)	390	30	53	34	2	38	—	"
Shell (p)	420	52	1	54	—	—	—	"
		February		**May**		**August**		
Barclays (c)	460	10	1	22	10	40	—	448p
Imperial (c)	60	17½	738	18	1	19½	1	77p
Imperial (c)	70	8	175	8½	60	12½	—	"
Imperial (c)	80	2	48	4½	160	6½	—	"
Imperial (p)	80	4½	2	8	—	9½	—	"
Lasmo (c)	360	22	2	40	—	60	—	369p
Lasmo (c)	390	10	—	27	7	47	—	"
Lasmo (c)	420	5	—	17	2	30	—	"
Lasmo (c)	460	2	10	12	—	22	—	"
Lonrho (c)	80	5	17	8	11	10	—	85p
Lonrho (c)	90	1½	10	4	—	4½	15	"
Lonrho (p)	90	11	—	14	20	16	—	"
P & O (c)	110	35	10	40	—	—	—	[illegible]
P & O (c)	120	25	7	31	1	36	—	"
P & O (c)	130	17	15	25	1	31	—	"
P & O (c)	140	9	11	17	7	23	10	"
Racal (c)	360	26	55	42	—	57	1	383p
Racal (c)	390	8	71	22	18	40	—	"
Racal (c)	420	3	10	12	—	27	—	"
Racal (c)	460	1	—	7	10	15	—	"
Racal (p)	360	4	5	8	8	12	5	"
Racal (p)	390	18	18	23	5	27	—	"
Racal (p)	420	40	7	48	—	45	2	"
RTZ (c)	390	45	20	55	—	70	2	424p
RTZ (c)	550	3	—	7	2	—	—	"
RTZ (p)	420	12	1	22	7	24	—	"
Vaal Rfs. (c)	60	2¼	1	4	3	6½	—	[illegible]
Vaal Rfs. (p)	55	2¼	—	4	44	4½	—	"
Vaal Rfs. (p)	60	5¼	1	7½	—	8	—	"
Vaal Rfs. (p)	70	14½	10	15	—	16	—	"

C=Call P=Put

THE TRING HALL USM INDEX
115.6 (−0.5)
close of business 25/1/82
BASE DATE 10/11/80 100
Tel: 01-638 1591

CORAL INDEX
Close 555-560 (−7)

OIL INDEX
March [illegible]

UK COMPANY NEWS

Davenports outlook

ALTHOUGH THE outlook remains as it was 12 months previous, in the light of the year's recovery, the directors of Davenports Brewery (Holdings) are confident the company will sustain a steady rate of improvement in the future, Mr J. G. Swanson, chairman, tells members in his annual review.

He adds that the group is determined to secure continuing rates of growth across its range of activities "as the general economic climate allows."

Pre-tax profits for the year ended October 3 1981 expanded from £985,000 to a record £1.64m, as reported on December 19. The figures included much lower profits on the sale of properties, of £99,000 against £234,00, and also takes into account redundancy and compensation costs of £83,000.

Against a background of lost trade, following the five-week strike at the end of the 1979-80 year, and the economic recession the company's licensed house sector had a difficult year in terms of volume sales, but has succeeded in achieving valuable profit growth, the chairman states.

Davenports continues in a sound financial position, he states. Despite the need to finance the return to normal production after the end of the 1979-80 strike, the net outflow of cash during the year was held to £132,000, "this being well within the company's bank borrowing facilities."

As at October 3 last the balance sheet shows shareholderss funds well up at £18.44m compared with £10.43m, reflecting a revaluation of fixed assets. Net current liabilities stood at £1.54m (same).

Meeting, Birmingham, February 11, 12.15 pm.

Meggitt's losses accelerate

TAXABLE LOSSES of Meggitt Holdings increased sharply from £40,489 to £516,352 for the year to October 31 1981 following a drop in turnover to £3.64m, compared with £7.21m. The company had already fallen into the red at mid-year when a deficit of £276,000 was reported, against a surplus of £90,000.

With the full year loss per 5p share emerging at 11.4p (2.9p earnings) the final dividend, like the interim, is being passed—a total of 0.84p net was paid for 1979-80.

The loss was subject to a tax credit of £23,712, against £64,302, leaving the net deficit at £492,640, which compares with a profit of £23,813.

On a CCA basis the attributable loss came through at £629,000 (£110,000).

The company, based in Hampshire, is a machine tool distributor.

Receivers appointed to J. & J. Couch

Receivers and managers have been appointed to J. and J. Couch of Penzance, Cornwall. They are Mr Roger Harris and Mr Bill Ratford, partners in chartered accountants Peat, Marwick, Mitchell and Co.

Mr Harris said the company, which manufactures petrol cans and other motor accessories, would continue to trade for the time being, while a buyer was sought.

Palmerston Inv. lifts interim

PRE-TAX revenue of the Palmerston Investment Trust rose from £120,532 to £130,071 in the first half ended September 30 1981.

And the interim dividend of this property investment and dealing trust is being raised from 0.594p to 1.0p net per 25p share. Last year a final of 1.41p was paid.

Carroll chairman warns of gloomy years ahead

Mr Donal Carroll, chairman of Carroll Industries, the Dublin-based cigarette and tobacco manufacturer, tells shareholders in his annual report that prospects for the Irish economy and for the group look "very grim indeed" for the years immediately ahead.

Although the financial condition of the group is extremely strong, mainly as a result of the directors' recognition that heavy reliance on borrowed capital must be avoided in deteriorating economic conditions, the chairman says a much more severe recession in the domestic economy must be anticipated since this is the only course which can avoid an accelerating collapse.

He says the directors will continue to preserve the financial state of the group and to direct investment towards the kinds of activities which will best contribute to, and benefit from, an eventual recovery in the Irish economy.

Further to the proposed reorganisation of the group's associate Fieldcrest Ireland (reported on December 15 along with the preliminary results for the year to September 30 1981) the chairman says the scheme will require the investment of an additional I£20m by the partners.

It will also entail a slight change in the shareholding and give control of the company to the Irish partners—Carroll's approximately 26 per cent and the Bank of Ireland approximately 25 per cent—a management reorganisation within the company and a rescheduling of bank debt and additional state assistance.

The chairman says that Carroll has asked the Bank of Ireland to grant it an option over its shareholdings and to state terms upon which it would have a righ to purchase that interest. If the option was exercised Fieldcrest Ireland would become a subsidiary of Carroll Industries, he adds.

As already known, under the scheme Carrolls will inject £5m into Fieldcrest Ireland, approximately £2m this year and, subject to specified performance targets, approximately £3m in 1983.

Commenting on the group's results for the past year the directors say that the tobacco division increased its market share to over 54 per cent and achieved a small increase in the volume of its domestic cigarette sales. In pipe tobaccos the company's share of the domestic market was little changed at 31.6 per cent (32.3 per cent) but as a consequence of the additional duty imposed on tobacco products the group's duty paid on domestic tobacco sales amounted to £96m in 1981, compared with £69m in 1980.

Group historical pre-tax profits for the year advanced from £6.65m to £8.99m on sales of £181.56m, against £138.48m.

At year end shareholders' funds were higher at £35.61m (£25.76m) and net current assets totalled £14.85m (£10.2m). Rothmans International Investments is shown as holding 19.2m ordinary shares (40 per cent) at year end. Meeting, Dundalk, February 15, 11 am.

Strong growth for ManuLife

STRONG growth last year in most sectors of the UK life and pensions market was achieved by the Manufacturers Life Insurance Group. New annual premiums advanced nearly one-quarter from £5.04m to £6.18m while single premiums were up nearly three-quarters from £2.39m to £4.11m.

The strongest growth came in the company's linked business where annual premiums rose 47 per cent from £1.44m to £2.11m and single premiums doubled from £1.53m to £3.11m.

The group fully participated in the boom last year in the self-employed pensions market. New annual premiums advanced 15 per cent to £1.03m and single premiums doubled to £380,000. But executive pension business fell last year, reflecting the effects of the recession, with annual premiums down 11 per cent to £820,000 and single premiums halved to £260,000.

On ordinary assurance business, annual premiums on conventional whole life contracts moved ahead over 40 per cent to £1.71m and term business by two-thirds to £80,000. But annual premiums on conventional endowment contracts came back nearly 20 per cent to £430,000.

ManuLife Group has embarked on a programme of growth this year with new bonus scales new linked life and pensions contracts and funds, and an expanding sales force, plus special discounts on premiums, or higher bonus rates, for non-smokers.

Record new business is reported by Imperial Life Assurance for 1981, its Golden Jubilee year of operations in the UK. New annual premiums were nearly 30 per cent higher at £7.8m and single premiums rose by more than 70 per cent to £2.3m.

Unit linked business was buoyant with annual premiums up by half to £1.2m and single premiums by more than half to £1.9m. Individual pensions business had a 50 per cent increase in annual premiums to £900,000 and a 100 per cent rise in single premiums to £400,000.

Annual premiums on traditional life business were unchanged at £3.9m. Group pension business rose dramatically following the formation of a brokerage operation with premiums advancing from £400,000 to £1.5m.

The company's individual permanent health insurance premiums were unchanged at £300,000.

A slight increase last year in new annual premiums from £10.4m to £10.5m is reported by the Colonial Mutual Life Assurance Society. Ordinary life premiums rose 8 per cent to £8.6m, but this was offset by a drop in pensions business of 15 per cent to £2.7m.

The National Mutual Life Association of Australasia saw its annual premium business in the UK increase by over 30 per cent to £2.68m, while new sums assured rose 18 per cent to £146m.

The company has lifted its bonus rates this year by moving on to a super-compound system of paying higher bonus rates on attaching bonuses. The rate on the sum assured remains at £4 per cent, but the rate on attaching bonuses is improved 50p to £4.50 per cent. On pension business the rates are £4.80 per cent of the basic benefit plus £5.80 per cent of the attaching bonuses. Terminal bonus rates have also been increased.

APPOINTMENTS

New managing director for May & Baker

Dr Keith W. Humphreys, currently joint managing director of Ciba-Geigy (UK), will be joining MAY AND BAKER on March 1. He will succeed Mr L. B. Heath who retires as managing director on July 1. Mr Heath will remain a director of May and Baker, a Rhone-Poulenc company.

★

The board of Governors of the BBC has made the following appointments: Mr Aubrey Singer to be managing director, television, and deputy director-general, Mr Richard Francis to be managing director, radio; Mr Bill Cotton to be director of programmes, television, and director of development; Mr Michael Checkland to be director of resources, television, and Mr Alan Protheroe to be assistant director-general.

★

Mr John E. Mountford and Mr Roger G. Sherwin have been appointed to the group board of STATIC SYSTEMS GROUP, Wombourne.

★

Mr Tom S. Blunt has been appointed managing director of COLOUR COMPOUNDING.

★

Mr C. R. Alcock and Mr R. Templeman have been appointed to the board of GREENWOOD DEVELOPMENT HOLDINGS.

★

Mr Anthony Fearn has been appointed a director of GOOD RELATIONS (CORPORATE AFFAIRS). He was previously European public affairs manager for Kaiser Aluminum and Chemical Corporation.

★

THE BARDEN CORPORATION (UK) has appointed Mr S. Noss to the board following the retirement of Mr E. J. Karkut. Mr M. R. Douglas has been appointed financial director. Mr N. A. M. Eastwood has resigned as non-executive director.

★

Mr Alan Poole has been appointed marketing director of ASHVILLE, the privately owned property development and investment group.

★

Mr James T. Estall will become company secretary, NUFFIELD NURSING HOMES TRUST on February 1.

★

THE IVEAGH TRUSTEES has appointed Mr Charles Sherwood Mr Alan Church and Mr Michael Hutchinson to the board.

★

Mr C. P. Fowler will succeed Mr John Haggis as managing director of NEWMARKET MICROSYSTEMS, a member of the Cambridge Electronic Industries Group, on February 1. Mr Fowler joins CEI from the British Technology Group where he was assistant divisional director of the computer and electronics division. Mr John Haggis will become managing director of Pye RF Systems, another CEI company, on February 1.

★

Mr Alan B. Johnson has been appointed comany secretary of RENTOKIL GROUP and its UK subsidiaries following the promotion of Mr K. A. Bridgman to group managing director at the end of last year. He was appointed a director of Rentokil in 1972.

★

Mr John S. Fraser has been appointed corporate managing director, CIBA-GEIGY PLASTICS AND ADDITIVES COMPANY, in succession to Dr Humphreys. Mr Fraser will retain his existing responsibilities as head of the Ilford Photographic Group and a member of the board of CIBA-GEIGY (UK).

★

Mr Richard S. Gothard has been elected Master of the WORSHIPFUL COMPANY OF FRUITERERS for the ensuing year. Mr Gothard is chairman and managing director of the Gothard House Group.

★

Mr Charles Mackay and Mr Alex Stitt have been appointed to the board of CHLORIDE GROUP. Mr Mackay is chairman of overseas operations and joined Chloride at the end of last year from Pakhoed Holding, Rotterdam, where he was chairman of the Paktrans division. Mr Stitt is an Australian and has been with Chloride since 1955, and is currently chairman of American operations.

★

Sir Christopher Foxley-Norris, who became chairman of the LEONARD CHESHIRE FOUNDATION in 1974, will be succeeded by Mr Peter Rowley in May. Mr Rowley has been honorary treasurer for seven years. Sir Christopher will become chairman emeritus.

★

Dr Jack Birks is to be appointed a non-executive director of GEORGE WIMPEY from April 1. He joins Wimpey from British Petroleum where he has been a managing director since 1978. He has been closely involved with Brown and Root-Wimpey Highlands Fabricators at Nigg Bay.

★

SPEAR AND JACKSON (TOOLS) has appointed Mr Bob England UK sales director. He was general sales manager.

(Advertisement)

DAI-ICHI KANGYO BANK

DKB ECONOMIC REPORT

January 1982: Vol. 11 No. 1

Japan's economy in FY 1982 will see stronger home demand, but growth will remain slow

The Japanese economy in fiscal 1982, starting next April 1, is likely to continue to gradually recover, but ingredients of growth will be somewhat different from fiscal 1981. First, exports will be growing at a lesser pace because of intensifying trade frictions. Second, fiscal policy will be playing a minor role due to budgetary constraints. On the other hand, however, stability of prices will favorably affect personal consumption and, consequently, will lead to recovery of capital investment by smaller enterprises. Fiscal 1982 economy thus will be characterized by a stronger domestic demand than in fiscal 1981, although the economic growth rate as a whole will remain almost the same at slightly over 3 per cent. The current-account surplus, meanwhile, is expected to continue to run a huge surplus.

Economy in 1981

Japan's real GNP growth in 1981 registered 3.0 per cent in the first quarter, 4.8 per cent in the second quarter and 2.4 per cent in the third quarter, respectively, from the preceding period. These figures attest to a moderate expansion of the economy.

Prices continued basically stable throughout the year. Advances of wholesale prices remained slow, leading to an equally calm movement of consumer prices, which also benefitted from moderate rises in labor cost. In November, wholesale prices stood at 1.6 per cent and consumer prices (in Tokyo) 3.9 per cent ahead of a year earlier.

In the balance of payments, trade balance kept running a huge surplus each month due to strong exports of machinery and slow imports of raw materials. The current-account balance as a result turned into the black in the second quarter, averaging $660 million at a monthly rate, which grew to $780 million in the third quarter, and $1,500 million in October.

Despite these seemingly favorable performances compared with other industrialized economies, the Japanese economy in the past year was not necessarily in perfect shape.

First of all, its expansion depended primarily on external demand in the absence of strength in personal consumption and corporate capital investment. Of the real growth rate of 3.4 per cent during the first nine months of the year, 2.6 per cent was attributable to exports and other overseas surplus, with domestic private demand accounting for a mere 0.06 per cent.

Second, last year's business recovery was imbalanced. Inventory adjustment in assemble-type industries progressed generally smoothly, but that in industries producing basic materials lagged. Capital investment by big corporations was strong, but that by smaller enterprises was contrastingly weak. Imbalances also persisted among different geographical regions.

Corporate results reflected such a sluggish recovery, with pre-tax recurring profits recording a sharp 19.4 per cent drop in the six months to September, 1981, from the preceding six months.

External environment for fiscal 1982 economy

With the U.S. and European economies likely to remain in the doldrums in 1982, there seems little likelihood of a sharp markup on crude oil. Japan's import price of crude in fiscal 1982 is expected to average $38 a barrel on a c.i.f. basis, up 1.9 per cent from fiscal 1981.

Domestically, given the mandate for fiscal rehabilitation through reduction of debt-financing bonds, fiscal policies will play a severely restricted role in the new fiscal year's economic management. Following the December 11 discount rate cut by 0.75 percentage point, money is likely to remain relaxed.

Shape of fiscal 1982 economy

The Japanese economy looks likely to keep on a gradual recovery path, but factors for expansion will be somewhat different from those of the past year.

Exports, which served as a driving force in the past year's economic recovery, will slow down sharply in the growth rate — perhaps to 4.5 per cent over fiscal 1981. Reasons for the slowdown are the lagging recovery of world economy, rising trade frictions with other industrialized countries suffering from high unemployment, and decline in competitiveness of Japanese products owing to appreciation of the yen.

The size of the fiscal 1982 national budget offers little hope for a role to be played by fiscal expenditures. Public works investment, in real terms, in particular, is scheduled to be cut back from the current fiscal year's level, resulting in a decrease of 3 per cent or so in public fixed capital formation on the GNP statistics basis.

Private domestic demand, on the other hand, looks likely to grow faster than in fiscal 1981.

As for private final consumption expenditures, wage raises to be negotiated in the coming spring round will likely be smaller than last year's 7.7 per cent (as surveyed by the Labor Ministry). This projection is based on the recent slowdown of corporate earnings and a low rate of inflation.

On the other hand, the expected gradual recovery of business will result in a higher increase in overtime worked and bonuses, and improvement in employment situations, while independent businesses will also fare better. All these trends will work to boost personal income at a faster pace than in fiscal 1981.

As a result, private final consumption expenditures will record an increase of 7 per cent or so before inflation, slightly higher than in fiscal 1981. With consumer price advances expected to remain moderate, consumption expenditures after inflation will rise by about 3 per cent, up sharply compared with 0.3 per cent for fiscal 1980 and an estimated 1.1 per cent for fiscal 1981.

As for housing, the worst will be over in the new fiscal year, but for a variety of inherent reasons, including land prices, the recovery will be a modest one, with the rate of increase stopping short of 5 per cent in real terms.

Private capital investment which slumped in fiscal 1981 owing to sluggishness in spending by smaller businesses, is expected to pick up in fiscal 1982 as domestic private demand will stage a moderate recovery, leading to reinvigoration of smaller businesses' investment. Investment aimed at new product development and higher efficiency remains strong in the meantime. All in all, private capital investment in fiscal 1982 will rise by 4.6 per cent in real terms.

As for private inventory investment, considerable progress in adjustment has been seen in basic materials industries, such as petroleum and coal products, and paper and pulp, where inventory hangover was heavy. In the new fiscal year, moves for inventory buildup, if moderate, will show up as final demand picks up.

Overall, prospects for the economy in fiscal 1982 are for a nominal GNP growth of 6.6 per cent, up from 5.9 per cent estimated for fiscal 1981. After inflation, however, the growth rate will be 3.1 per cent, which is even lower than the projected 3.3 per cent for fiscal 1981. The Government's projection of a 5.2 per cent real growth in fiscal 1982 is hardly achievable.

Prices

Wholesale prices are expected to maintain a calm trend in the new fiscal year due to stable overseas commodity prices with a basically strong trend of the yen in store. Their advances during fiscal 1982 will average 1.8 per cent, compared with 1.4 per cent for fiscal 1981. Consumer price advances will also be moderate, with fiscal 1982 average expected to register 4.2 per cent or so.

Balance of payments

Japan's exports in fiscal 1982 will reach $167 billion, up 9.2 per cent from fiscal 1981, and imports $137 billion, up 7.6 per cent. Trade surplus will thus be $30 billion, resulting in a current-account surplus of $12.5 billion.

According to the DKB's outlook, fiscal 1982 economic growth at 3.1 per cent is to fall short of 4 per cent for the third consecutive year. (The three years' average will be 3.3 per cent). In the aftermath of the two oil crises, the Japanese economy appears to have come closer to a slow-growing and matured type of economy like other advanced countries of the West. The most important challenge facing Japan in fiscal 1982 is adjustment to such a slowdown in growth. For one thing, this will require thorough elimination of budget and administrative wastes. Another requirement will be continuous efforts for strengthening corporate resources — technologically, financially and otherwise.

Another task facing Japan is to smooth out its trade relations with the U.S. and West Europe which have been badly strained owing to the sharp rise in Japan's exports and sluggish imports. With Japan's share of the international economy growing steadily, maintenance of harmony with the rest of the world is essential to secure its stable growth.

Outlook for Gross National Expenditures

(Year-to-year percentage changes, seasonally adjusted figures in parentheses)

	FY 1980	FY 1981 (provisional)	1st half	2nd half	FY 1982 (estimate)	1st half	2nd half
Gross national expenditures (nominal)	7.7	5.9	(5.3)	(6.8)	6.6	(6.4)	(6.6)
Gross national expenditures (real)	3.7	3.3	(3.7)	(2.6)	3.1	(3.1)	(3.4)
Domestic private demand	0.5	0.6	(0.4)	(2.4)	3.7	(4.3)	(3.9)
Private final consumption expenditures	0.3	1.1	(0.9)	(2.3)	3.0	(3.3)	(2.9)
Private housing investments	—10.1	1.6	(11.2)	(—4.6)	4.9	(9.8)	(5.3)
Private plant and equipment investment	5.7	1.1	(—0.4)	(3.2)	4.6	(5.2)	(5.0)
Private inventory investment	—3.9	—47.4	(—68.7)	(70.4)	43.2	(25.5)	(53.7)
Public expenditures	0.2	3.2	(2.3)	(2.0)	—0.6	(—1.8)	(—0.7)
Government final consumption expenditures	2.7	2.7	(0.2)	(4.0)	2.0	(0.5)	(3.0)
Public capital expenditures	—2.1	3.7	(4.5)	(0.1)	—3.1	(—2.1)	(—4.4)
Current overseas surplus	247.6	50.3	(67.2)	(6.9)	5.9	(3.9)	(9.0)
Exports etc.	16.6	16.6	(27.6)	(1.5)	4.5	(4.8)	(6.9)
Imports etc.	—3.9	5.7	(14.3)	(—0.9)	3.8	(5.2)	(6.0)
Mining & Manufacturing production (reference)	4.6	4.1	(2.7)	(8.8)	5.4	(4.0)	(5.0)

MINING NEWS

BIDS AND DEALS

Inco Indonesia to drop nickel output by 50%

BY KENNETH MARSTON, MINING EDITOR

DEPRESSED WORLD markets for nickel have now forced Canada's Inco to make a 50 per cent cutback in production at its Indonesian subsidiary, Soroako. This follows the closure of Inco's loss-making Guatemalan complex and reductions in output at the company's big Canadian operations.

Soroako has been producing at an annual rate of about 45m pound of nickel matte, compared with a design capacity of 75m-80m pound, using two of three production lines. As from February 1, one of the two lines will be closed down, reducing 1982 output to some 22m pound.

Orders from Japan for 30m pound of matte will be met from the reduced production supplemented by drawings on the stockpile at Soroako.

The US$1bn (£537m) Indonesian operations made a delayed start-up in 1977 after technical and mechanical problems and, as a three production-line operation, seemed destined to become the world's third largest nickel producer behind Canada and New Caledonia.

Inco hopes to return Soroako to a two-line operation soon and eventually resume development towards the originally planned three-line capacity. The latest cutback has been deferred as long as possible in the hope that nickel markets would im[illegible] of the [illegible] be [illegible]

[illegible] operating [illegible], but it has to meet big interest charges. Even after a debt rescheduling, the subsidiary's external debt at the end of last year was in the region of $300m, while the external interest charges were about $59m.

Like the Guatemalan venture, the Indonesian operation is based on lateritic nickel deposits which require heavy supplies of power. But some 50 per cent of the electric power for the furnaces at Soroako comes from relatively inexpensive hydro-electric sources whereas the Guatemalan operations were dependent on oil.

The irony of the situation is that Soroako has a ready market for nickel matte in Japan where the further nickel refining process is carried out. Inco is unable to supply the Japanese demand for matte from its Canadian operations because of Canada's requirement that the total refining process be carried out at home.

Meanwhile, Inco's 1981 fourth quarter results are due to be released on February 1 and can be expected to show a very heavy loss.

Apart from reflecting the difficulties now affecting all nickel producers, the company's results will contain a $220m write-down of the Guatemalan nickel operations.

Inco also recently decided to pull out of the loss-making electric battery business which lost $234m and is now valued at some $460m. This will mean another heavy writing down in the fourth quarter.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Sidney C. Banks, Davy Corporation, Hambro Trust, Macarthys Pharmaceuticals, Benjamin Priest.

Finals: Ashdown Investment Trust, Dunbar, Vantage Securities.

FUTURE DATES

Interims:—

English Association	Feb 5
[illegible]	Feb 10
[illegible]n Consolidated Mines	Feb 15
Wiggins	Jan 28

Finals:—

Ladies Pride Outerwear	Feb 9
Olympia (Redacre)	Jan 28
Romney Trust	Feb 19

Mary Kathleen dividend, but earnings drop

THE Rio Tinto-Zinc group's Australian Mary Kathleen Uranium has now repaid loans from its major shareholders, CRA (51 per cent) and the Australian Atomic Energy Commission (41.6 per cent), and is declaring a modest dividend of 2 cents (1.17p).

Earnings for 1981 have dropped to A$1.74m (£1.02m) from A$11.16m in the previous year. However, the latest figure is after deducting special items of A$5.06m, mainly in provisions for site rehabilitation and other related close-down costs.

Production of uranium oxide was slightly lower last year at 824.7 tonnes against 834.5 tonnes. Despite severe disruption of uranium deliveries arising from union disputes at the docks, a resumption of shipments late in the year allowed planned sales levels to be met. Stocks are being increased to meet deliveries beyond the mine operating period.

Ray Maughan looks at Rowntree's bid for Huntley

Scrapping for a tasty morsel

THE CONTESTED £75m bid by Rowntree Mackintosh for Huntley and Palmer sets the seal on a 10-year flirtation. The big confectioner, second in the sweets table to Cadbury Schweppes, has been nibbling at shares in Huntley and Palmer since 1972, when it first set its sights on an expansion in groceries.

Rowntree started serious marriage talks yesterday with a 23.8 per cent stake in the former Associated Biscuits Manufacturers' group and is now planning to issue 18.3m shares, topped up with £27.4m in cash, to buy the Peak Frean, Jacobs and Smiths Crisps group. Its terms are one ordinary share and 150p in cash for every three Huntley ordinary shares. A loan note alternative is to be offered in place of cash.

Dr Keith Bright, chief executive at Huntley since mid-1977, admits that "we must have been regarded as a tasty morsel for somebody." But, while Rowntree had been pushing Huntley's shares around its plate all those years, the reported buying of Huntley's shares by Allied-Lyons just before Christmas helped to decide the Kit Kat, After Eight and Quality Street manufacturer that the time was right according to chairman, Mr Kenneth Dixon "to exploit the potential of Huntley's big brands."

The approach may well have been made rather earlier except that, in 1973, Rowntree made a mess of selling one of its major raw materials, cocoa, short on the terminal markets. The upshot was a loss of £32.5m and a period of convalescence.

Although it sold other investments, its shareholding in Huntley remained until Allied-Lyons made its move. Allied's stake was never at disclosable levels, but Huntley was certain that the brewer's holding had hit 3.2 per cent and had probably risen subsequently. As Sir Hector Laing, chairman of United Biscuits and thus Huntley's main rival, quit the Allied board in view of potentially conflicting interests in the food sector, bid rumours grew.

Mr Dixon says that "clearly we have not ignored the way the market moved but," he insists, "we have made our bid without any thoughts in our mind about other people."

After stream of rights issues, raising £93m between July 1976 and April last year, Rowntree believes that it has the resources to boost Huntley's capital spending to match, in relative terms, that of its chief rival, to push its brands overseas and to raise its marketing efforts.

Rowntree also needs to diversify. In the years since the cocoa debâcle and the ensuing balance sheet repairs, Rowntree has promoted a somewhat narrow range of confectionery products and some grocery items — such as Pan-Yan Pickle and Sun-Pat spreads — at home and in export markets.

Its track has been helped by weak cocoa and sugar prices, more favourable exchange rates and successful brand launches, notably the Yorkie chocolate bar.

The record, though, has still been erratic. Group profits in 1978 were £45.1m, but had slumped to £31.4m in 1980. Last year, brokers forecast, Rowntree will have made some £42m pre-tax, but its substantial effort in Europe, carefully planned and explained, is still some way from producing a reasonable return on sales of £150m plus.

In a highly fragmented European confectionery market, only the 1979 acquisition of "Nutty" is making much brand headway.

Its presence in the U.S. has not developed. The giant Hershey group sells three major Rowntree brands under licence in North America, but the City suspects that the latest of the group's cash calls was earmarked for a U.S. deal.

Mr Dixon admits that Rowntree has had "interesting talks" with one or two U.S. propositions and stresses that a successful bid for Huntley would not inhibit his ambitions across the Atlantic. But, for the moment, Rowntree is pinning its hopes on biscuits in very much a UK framework.

Dr Bright, like many a chief executive before him, finds himself in a bid corner before his rationalisation plans and his growth proposals make any impression on the profit and loss account.

Huntley made £7.2m pre-tax in 1980, against £11.6m, and the betting is that the group, despite a big shake up, will struggle to make much recovery in 1981. Indeed, earlier forecasts of, say, £11m this year, have been pulled back.

Much of the blame can be pinned on the snacks market. According to Tim Potter, the food manufacturing at brokers Vickers da Costa and one of the few researchers to have predicted this bid, the snacks market finally succumbed to the recession midway through last year and Smiths will be very hard pushed to repeat its £4.4m trading contribution of 1980.

Smiths was one of Dr Bright's first major deals. Purchased from General Mills at the beginning of 1979, Smiths' Park Royal and East Lowestoft plants have closed or are being closed to leave operations on 14 sites. The mainstream biscuit division is also going through the wringer. The old factory at Bermondsey has closed and an old plant on a nearby site is also under the knife.

That will leave Peak Freans, Cream Crackers, Fig Rolls and Garibaldis to be manufactured at Huyton, Aintree, and at new premises at Bermondsey.

The chief executive claims that he's turned the Huntley biscuit range "inside out." The new half-coated digestive is said to have cornered 17½ per cent of its market, the pre-war recipe for Huntley and Palmers has wooed new customers and "Trio," one of Huntley's more recent "count line" launches has apparently done "extremely well," selling £10m annually.

Dr Bright calculates that his products and plants receive "the normal amount of support. Rowntree sees it differently. "They haven't skimped on revenue spending," says Mr Dixon, "but their capital spending as a proportion of sales value is about half that of United Biscuits, or ourselves."

Its bid will be fiercely contested as Huntley puts its recovery hopes before shareholders. It has just test launched what the trade calls a new moulded chocolate countline in the Granada, Tyne-Tees and ATV television areas. Dr Bright will be hoping its name is prophetic. It's called "Winner."

What both companies make—leading UK brands

ROWNTREE MACKINTOSH	HUNTLEY AND PALMER
Kit Kat	Jacob's Cream Crackers
Quality Street	Jacob's Water Biscuits
Yorkie	Bourbon
Aero	Rich Tea
Black Magic	Custard Cream Marie
Smarties	Garibaldi
After Eight	Club
Rolo	Trio
Polo	Zing
Fruit Pastille's	Butter Osborne
Fox's Glacier Mints	Vita Wheat
Nutty	Twiglets
Lion	Smiths Crisps
Drifter	Big D Peanuts
Fruit Gums	Bentincks
Texan	Fig Roll
Toffo	Chocolate Wheatmeal
Walnut Whip	
Weekend	
Matchmakers	

Zaire's gem cutting plans

ZAIRE, the biggest producer of diamonds in the world, plans to set up a cutting industry of its own this year. The three independent companies which stepped in when the country ended its 14-year exclusive marketing agreement with De Beers' Central Selling Organisation last year have promised assistance.

The three companies, Industrial Diamond Company of London's Hatton Garden and Caddi and Glasol, both of Antwerp, revealed the plan in conjunction with the state-controlled mineral marketing agency Sozacom after last week's sale in Zaire's capital, Kinshasa, reports a special correspondent.

The sale raised a total of $8.5m (£4.5m) for 441,900 carats, the November production from the Miba mine, which is mainly industrial, and gemstones from Tshikapa. The gems brought in almost $5m in badly-needed hard currency, with an average selling price of $173.43 a carat.

The new cutting plant is expected to cost some $2m, and the Government intends the industry to employ an eventual 700 Zairois.

Sozacom representatives said they were especially satisfied with the price of around $2.20 per carat they received for crushing grade boart. The current Antwerp price for this low-grade industrial diamond material is some 50 cents below that level.

Zaire's diamond industry is [illegible] major problems at present. The first is illicit mining and trading, which is estimated to account for about the same again as the officially-reported production figures, and the second is the declining quality of output from the Miba mine.

The proportion of small gem and near-gem diamonds has fallen from 38 per cent in 1980 to 26 per cent last year, with the proportion of lower value material rising accordingly.

Beyond that, the country's total officially reported output has shown a dramatic reduction in recent years, partly owing to an increase in the number of stones which are mined and exported illegally.

From a peak of 13.5m carats in 1974, Zaire's production fell last year to just 5.7m carats, with 6m carats forecast for 1982.

The alluvial deposits are now clearly nearing the end of their economic life, and a programme of underground mining is urgently needed. Mr Bruno Morelli, manager of the Miba mine, believes that there are still 150m carats contained in [illegible] kimberlite [illegible].

Sozacom estimates that around $40m would be needed in international loans to fund this programme, and the only likely source of finance for this chronically debt-ridden country is the World Bank. Officials of the International Finance Corporation, an agency of the World Bank, are due in Kinshasa for further talks later this month, according to Sozacom.

McAlpine coal is doing well

SOUTH AFRICA'S coal-producing Alfred McAlpine has made a net profit for the year to October 31 last of R3.7m (£2.02m) compared with the forecast of R3.6m made in the prospectus last March when 30 per cent of the company was offered to the South African investing public, reports Jim Jones from Johannesburg.

A total dividend of 24 cents (13p) has been declared from earnings of 37.1 cents per share. In 1980, when the company was not quoted on the Johannesburg Stock Exchange, earnings per share amounted to 27.1 cents and the dividend totalled 9.7 cents.

Alfred McAlpine derives its revenue from contract mining for other coal owners as well as in the exploitation of its own coal reserves. The company is a 70 per cent-owned subsidiary of the U.K. Marchwiel group.

MANCHESTER S.E. BUILDINGS

London and Manchester Securities has acquired 16,952 shares in Manchester Stock Exchange Buildings at 400p per share and now owns 54,793 (54.79 per cent).

In accordance with the City Code an unconditional cash offer of 400p per share for the balance will be made.

The board of MSEB and advisers, County Bank, will recommend acceptance. The directors intend to accept in respect of 3 200 shares (3.2 per cent).

McCORQUODALE

McCorquodale has issued 53,901 ordinary shares as agreed additional consideration to the vendors of the La Clede Manufacturing of New York.

Croda defence includes higher profit and dividend forecast

Croda International, the speciality chemicals producer, has estimated a 36 per cent jump to £10.1m in pre-tax profits for 1981, and has indicated its intention of lifting its final dividend for the year to give a net total of 3.1p per share, up 20.9 per cent.

The announcement comes in the second of Croda's two letters to its shareholders formally responding to the current takeover bid by Burmah Oil. The offer, based on a 70p per share cash bid for Croda's ordinary shares, is dismissed as a "paltry price" launched with "opportunist timing."

Sir Freddie Wood, Croda's chairman, uses the letter to suggest how far Croda has already positioned itself to take advantage of the recovery now beginning in the chemical sector. Burmah is aiming, he says, "to pick up a superb business early in the upturn of the chemical cycle at a bargain basement price."

Mr Campbell Anderson, Burmah's managing director-elect said he thought Croda's shareholders would be "sadly disappointed" by the 1981 profit estimate in view of the company's build-up. Sir Freddie's letter looked unconvincing and presented "a blend of indifferent performance and pious hopes."

Since anticipation had rather exceeded the event, said Mr Anderson, Burmah's 70p bid continued to look "very generous."

The letter itself presents few actual figures about Croda's future performance, reminding shareholders that it is "not a company given to making rash forecasts." It does, however, make much of a Blueprint for the Eighties internal planning document which it says was formally adopted by the board last September.

This points the way towards Croda's resumption of a return on capital of over 20 per cent, such as it achieved over the decade before the chemical sector's collapse in 1980.

Describing the blueprint as "a pathway," Sir Freddie says a retrenchment of Croda's labour force, assets, energy costs and borrowings—down to £31.5m at the end of 1981—have all prepared the company for a substantial recovery.

Shareholders are invited to recall that Croda has a long record of action calculated to help them share in its past growth not least the first issue of a deep discount one-for-one rights issue in 1974 which was designed to avoid the dividend controls then existing.

See Lex

ALBERT FISHER GRP.

The Albert Fisher Group has acquired a fruit and vegetable business operating from Manchester from William Moon and Company.

The consideration was £23,000 paid in cash—£22,000 for goodwill and £1,000 for fixtures and fittings.

HELENE DEAL OFF

Helene of London announces that the acquisition of David Rome (for which conditional contracts were exchanged on February 11 1981) is not proceeding.

NCC Energy plans to invest Simplicity cash

DETAILS OF the new plan to create a formal merger between NCC Energy and Simplicity Pattern Company of the U.S. should be announced at the end of February. Meanwhile, NCC has effective executive control of Simplicity and is already planning to invest Simplicity's £50m of cash resources, the company said yesterday.

At last Friday's annual meeting of Simplicity shareholders voted in a new board under the chairmanship of Mr Graham Ferguson Lacey, chairman of NCC. Of the 11-strong board seven are either NCC board members or NCC nominees. They include Mr Alan Bond, the Australian entrepreneur who owns 13.3 per cent of Simplicity which he has agreed to vote with NCC's 20 per cent.

The second NCC nominee is Mr Edward Cook, chairman of Cook Industries, which last month built up its holding in NCC to 11.14 per cent. Mr Ferguson Lacey and other members of the NCC board control around 40 per cent of NCC.

Chamberlain Phipps £1.3m acquisitions

Chamberlain Phipps, the manufacturer and distributor of a range of components for use in footwear and automotive manufacturing, has acquired two adhesive manufacturing companies in a deal worth in aggregate £1.3m.

Chamberlain Phipps said yesterday that in order to extend the activities of its adhesive subsidiary, Tivoli Kay, it has acquired from Plus Products Holdings the whole of the issued share capitals of Plus Products Ltd. and Plus Products (Developments), with effect from January 22 1982.

The aggregate value of the consideration is £1.3m, which has been satisfied by the allotment to lus Products Holdings of 891,417 ordinary shares of 10p each in the capital of Chamberlain Phipps, and by the payment of cash of £935,000.

The value at March 31 1981 of the net assets being acquired was £1.07m and the profits before tax of the two companies for the year ended on that date (after deducting a non-recurring exceptional item of £150,000) were £104,970.

COLONIAL SECS. ACCEPTANCES

Irrevocable undertakings to accept the offers from United Newspapers for Colonial Securities have been received in respect of 7,167,210 ordinary, £110,000 first preference stock and 2,509,612 second preference, representing 57.2 per cent, 17.4 per cent and 48.8 per cent of each respective class. Figures include directors' undertakings.

No decision yet over Grand Met. hotels

Grand Metropolitan, following its announcement last week that as many as 10 of its London hotels could be for sale, said yesterday that the Britannia, the Europa and the Piccadilly hotls are not included among those to be offered for sale.

The group said: "No firm decision has yet been made in relation to the remainder of the London portfolio and it may well prove that some of these properties will become absorbed into the Forum Group of Inter-Continental Hotels."

ALEXANDER/ HOWDEN GROUP

Offers made on behalf of Alexander and Alexander for the outstanding ordinary shares of Alexander Howden Group not owned by an Alexander and Alexander subsidiary have been accepted by holders of 76.9 per cent of the shares, Morgan Grenfall and Co. and Smith Barney, Harris Upham International Inc. have announced.

All the conditions to the offers have been satisfied or waived and accordingly have become unconditional in all respects.

Neither Alexander and Alexander nor its subsidiaries held any ordinary shares in Howden prior to the recommended offers, but during the offer period a subsidiary purchased a 14.9 per cent holding. Taking this into account the company now owns or controls 84.2 per cent of the total issued share capital of Howden.

AUDIOTRONIC

A large percel of shares has been acquired in Audiotronic Holdings, the loss making electronics company, by Ponyrand. Ponyrand has purchased a further 115,000 shares bringing its stake up to 7.93 per cent.

EUROPEAN OPTIONS EXCHANGE

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C $375	—	—	—	—	4	36	$378.09
GOLD C $400	20	2.50	45	15	1	25 B	"
GOLD C $425	13	1.40	10	7	3	16	"
GOLD C $450	—	—	3	4	—	—	"
GOLD C $475	—	—	100	2.50	—	[illegible]	"
GOLD P $350	—	—	—	—	4	[illegible]	"
GOLD P $375	—	—	3	16	1	22.50	"
GOLD P $400	25	28	—	—	—	[illegible]	"
GOLD P $425	6	51	—	—	—	[illegible]	"
12¾ NL 81 87-91							
C F.102.50	55	4.90 B	—	—	—	—	F.107.60
P F.107.50	—	—	200	1.50	—	—	"
10¾ NL 80 86-95							
C F.95	10	2.30	—	—	—	—	F.97
C F.97.50	—	—	—	—	10	2.40	"
	April		July		Oct.		
ABN C F.280	—	—	10	14	—	—	F.285
ABN C F.300	20	2	9	5.20	—	—	
AKZO C F.22.50	14	3.30 A	—	—	—	—	F.25.80
AKZO C F.25	72	1.60	70	2 B	—	—	"
AKZO C F.27.50	85	0.50	46	0.90	12	1.30	"
AKZO P F.25	60	0.80	11	1.10	—	—	"
AMRO C F.55	—	—	10	1.80	—	—	F.51.20
HEIN C F.45	28	8.50	7	9.80	—	—	F.53.50
HEIN C F.50	78	4.80	4	5.20	—	—	"
HEIN C F.55	76	1.70	—	—	—	—	"
HEIN P F.50	62	1	—	—	—	—	"
HOOG C F.15	20	2	—	—	—	—	F.16.20
HOOG C F.17.50	—	—	38	1	—	—	"
IBM C $65	—	—	—	—	6	3¾	$61⅞
KLM C F.90	30	5.80	11	8.80	11	10.80	F.87.70
KLM C F.100	46	3	—	—	—	—	"
KLM C F.110	81	1.80	—	—	—	—	"
KLM C F.120	111	0.80	—	—	—	—	"
KLM P F.80	18	1.50	—	—	—	—	"
KLM P F.90	15	5.70 B	—	—	—	—	"
NEDL C F.140	29	2.80	11	4.70	—	—	F.132.50
NEDL P F.130	45	2.60	7	8	—	—	"
NEDL P F.140	5	7.80 B	10	15	—	—	"
NEDL P F.150	8	17	—	—	—	—	"
NATN C F.110	5	2	—	—	—	—	F.108.50
NATN C F.115	—	—	25	1.60	—	—	"
PETR C Fr.5000	12	160	—	—	—	—	Fr.4850
PHIL C F17.50	—	—	15	5.30	—	—	F.22.50
PHIL C F.20	24	2.90	63	3.10	—	—	"
PHIL C F.22.50	590	1	199	1.30	115	1.80	"
PHIL C F.25	69	0.40	—	—	—	—	"
PHIL P F.20	40	0.20	60	0.60	—	—	"
PHIL P F.22.50	71	0.70	100	1.20	11	1.30	"
RD C F.80	39	5	—	—	—	—	F.81.90
RD C F.90	42	1.80	38	2.80	27	4	"
RD C F.100	11	0.50	10	1.20	—	—	"
RD P F.70	5	0.30	—	—	—	—	"
RD P F.80	149	2.30	15	3.80	8	3.80	"
UNIL C F.160	75	2.90	—	—	—	—	F.154.80
	Feb.		May		Aug.		
BOEI C $25	—	—	—	—	20	1	$20¾
SLUM C $50	10	⅞	—	—	—	—	$47[illegible]

TOTAL VOLUME IN CONTRACTS: 3532

A=Asked B=Bid C=Call P=Put

هكذا من الأصل

Rod Oram, recently in Calgary, looks at one of Canada's largest oil groups

How Dome Petroleum has come of age

DOME PETROLEUM'S four year C$6bn (U.S.$5bn) acquisition binge has created Canada's largest domestically-controlled oil group and one capable of leading the C$40bn development of the Beaufort Sea oil field in the Arctic.

Now of mature size, the company is not planning further major acquisitions but will build from within, according to Mr Jack Gallagher, chairman. Internal growth had played only a small role in the rocketing value of the company's assets from C$1.2bn at the end of 1977 to an estimated C$14bn at the end of 1981.

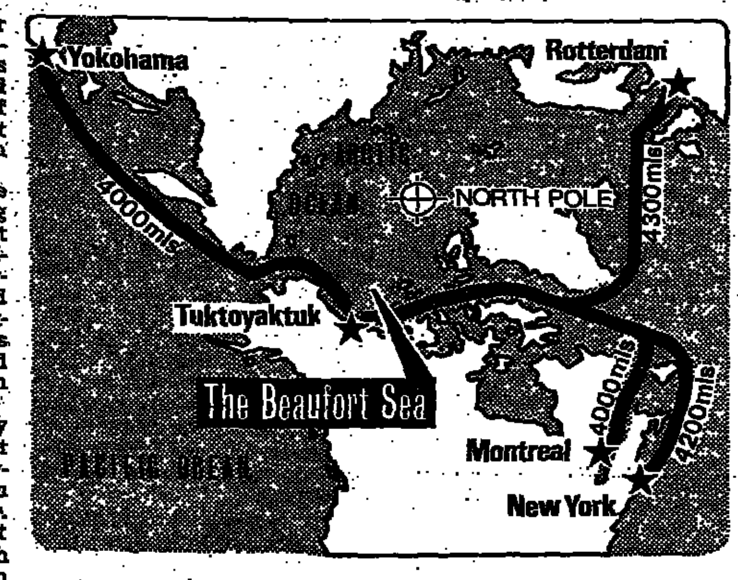
Dome's dash for maturity carried two distinct characteristics: heavy borrowing and a long shadow in Ottawa's corridors of power. Both features loomed large last year while Dome grappled with Canada's New Energy Program (NEP) and with its audacious takeover of Hudson's Bay Oil and Gas (HBOG).

The NEP gave generous exploration incentives to Canadian-owned companies.

But, after years of successful self-promotion on foreign stock exchanges, Dome was only 35 per cent Canadian-owned. The figure has subsequently increased to around 50 per cent with the takeover of HBOG.

The solution found was to transfer a slice of assets to a new *subsidiary,* Dome Canada, and to offer 52 per cent to the Canadian public.

At the time, anti-Government feeling was running high in Calgary, Alberta, the tight-knit, conservative headquarters town of Dome and most of the Canadian oil industry. Oilmen were so incensed by the NEP that the Province was rife with secession *talk* and *Mr Marc* Lalonde, the Federal Energy Minister, was Public Enemy



Number One.

In this hostile environment, Mr Gallagher, with Mr Lalonde at *his* side, announced in a downtown hotel Dome's basic acceptance of the NEP and compliance with it by establish*ing Dome* Canada. *The share* prospectus was the first to *carry a letter of support from* a Cabinet Minister.

The move confirmed general *prejudices about Dome's aggres*sive pursuit of opportunities. *In spite of Dome's rapport with* the Government, Mr Gallagher is emphatic that the company is not the Government's chosen private sector vehicle to implement its energy policy.

The policy's fiscal regimes have hurt Dome as much, or more, than other companies and Dome still opposes some *key aspects such as the* right of State-owned Petrocanada to take a 25 per cent stake *in all dis*coveries on Government land.

He admits that creating Dome Canada was the expedient solution to a critical problem. Dome's loss of exploration incentives had dried up its external financing for the Beaufort Sea programme an effort already 15 years old and close to Mr Gallagher's heart.

Dome regularly briefs the caucuses of the Federal politcal parties and as a result Mr Gallagher believes that politicians fully apreciate the value of the Beaufort Sea to Canada, *both for potential oil supplies* and the huge industrial fillip that would come *from its* development.

"There's no way that as a businessman *you* can be tied to one party. You have to be apolitical. I think we have a good open relationship with both major parties." The NEP *was useful subsequently to* Dome in its takeover of HBOG.

The favouring of Canadians was the leverage it used to persuade Conoco of the U.S. to sell out its 53 per cent stake in HBOG for C$2bn worth of Conoco shares and cash.

Dome has just completed the buy-out of the minority by exchanging Dome preference shares for the HBOG shares. Even this move had its political overtones, because it required the Federal Government to postpone a budget provision ending the tax free exchange of shares.

Dome almost disappeared under its debt mountain during the six-month battle for all the HBOG shares. As total debt climbed toward C$6bn at the height of the takeover, it was believed that Dome was borrow*ing just to service* the HBOG purchase funds.

Selling *C$1.4bn of* HBOG assets to associated companies and partners, plus the cash flow benefits of a full merger of HBOG, finally eased the financial pressures.

In a paper prepared for its bankers Dome is forecasting that shareholders equity will total C$2.9bn in 1982 and debt C$6bn, rising to C$5.3bn and C$7bn *respectively* by 1985.

Mr Gallagher forecasts cash *flow of C$70m and capital ex*penditures of C$900m this year, rising to C$2.8bn and C$1.9bn respectively in 1985, thus enabling the company to break its long practice of borrowing to finance development.

He points out that the company is used to a high debt *equity ratio.* He started Dome as a one-man company in 1951 with equity of C$250,000 and debt of C$7m from the endowment funds of Harvard, Princeton and the Massachusetts Institute of Technology.

Dome will continue to borrow heavily for the Beaufort Sea project. *It will have to* find about 35 per cent of the C$40bn development cost, the rest coming from its partners, principally Gulf Canada Resources, Hunt International Petroleum, belonging to the Hunt family of Texas, and Phibro, the U.S. commodities and financial services company.

Mr Gallagher envisages production of 200,000 barrels of oil a day by 1987 and 1m by 1995, to be carried by ice-breaking tankers. Being close to the North Pole, the field is only about 4,000 miles from Japan, Europe or the north-eastern U.S.

Dome, and most observers of the industry, believe the technology for *exploitation is* well in hand. But some sceptics remain doubtful about the reserves potential of the Beaufort. While the latest appraisals announced in November were generally greeted as encouraging, some believe the notoriously — difficult-to-read logs from the wells told a more dismal story.

For all the focus on the glamour of the Beaufort project, Mr Gallagher reckons that it represents only 10 per cent of the company's efforts. The merged Dome-HBOG is a major factor in all hydrocarbon activities, from oil and gas to petrochemicals and liquid natural gas.

It is the largest holder of exploration land in Canada. It drilled 5m feet of the industry's total 24m footage in 1981. It has the second largest reserves of oil, gas and natural gas liquids in the country amounting to the equivalent of 1.28bn barrels. Daily production, of 162m b/d, ranks third behind Canadian subsidiaries of U.S. companies.

Whittaker launches offer for Brunswick

By Rod Oram in New York

WHITTAKER, the diversified California-based industrial and services company, has launched a $320m bid for 49 per cent of Brunswick Corporation, an Illinois company with interests in medical and recreational fields. If successful, Whittaker expects to propose a merger

Brunswick, well known for its Mercury outboard engines for small boats and equipment for bowling alleyes, had no comment on the unsolicited offer.

Whittaker is offered $26.50 a share for a maximum of 10.4m Brunswick common shares and $1,234.28 per $1,000 principle amount of $30m 10 per cent convertible debentures.

Brunswick shares rose by $1.75 to $19.12 on the New York Stock Exchange last Friday in heavy trading and the NYSE and Chicago Board Options Exchange said they would look into the brisk share and option trading.

Medical and recreational markets are the main areas of overlap for the two companies, Whittaker makes small pleasure and commercial boats and staffs and manages foreign medical *institutions.* Brunswick makes diagnostic kits, hypodermic needles and syringes and other medical products.

The Illinois company earned $49.2m, or $2.26 a share, on sales of $1.01bn in the nine *months ended September 30.* The strong recovery from profits of $15.6m on $893.7m sales a year earlier was attributed in part to the return to the black of its marine power division.

Whittaker's net profits were $69.3m, or $4.40 a share, on sales *of $1.67bn for the* year ended October 31 1981, against $57.5m on $1.4bn a year earlier.

Strength in computer business boosts Control Data profit

BY PAUL BETTS IN NEW YORK

CONTROL DATA, the U.S. computer and financial services company, achieved a 13 per cent gain in annual earnings and an 18.5 per cent increase in fourth quarter profits last year.

In a generally weaker market, the company's performance in the computer sector was strong by industry standards with computer business earnings in the fourth quarter rising 33 per cent.

Total group annual earnings amounted to $170.6m or $4.48 a share on revenues of $4.2bn. In the previous year, the company reported earnings of $150.6m or $4.23 a share on revenues of $3.8bn.

Fourth quarter earnings were $42.9m or $1.12 a share *against $36.2m or 95 cents a* share previously.

Computer *businesses* accounted for the lion's share of revenue *and profits increase* last year. Computer earnings increased to $120.4m *from $92.5m* while profits of the financial services subsidiary, Commercial Credit Company, declined from $58.1m to $50.2m.

The increase in computer earnings in the fourth quarter —from $23.6m to $31.4m—was partially offset by lower earnings from the financial services subsidiary. The computer profits rise reflected higher revenues and operating margins as well as a lower tax rate which together more than offset the *negative effect of foreign* currency translations.

Interest rates uncertainty weakens Eurobond prices

BY ALAN FRIEDMAN

PRICES OF Eurobonds throughout the *international capital* markets were marked lower yesterday amid uncertainty over the conflict between U.S. and European interest rate policies.

In the Eurodollar bond market prices of seasoned bonds were down ⅜ point on the day after opening as much as ¾ point off. Dealers said the recovery *was related to inventory* covering, and the market was described last night as "mystified and nervous."

The uncertainty was accompanied by a rise in six-month Eurodollar deposit rates to nearly 16 per cent, an increase in Euro D-Mark six-month rates to 10⅝ per cent (*from Friday's* 10$\frac{7}{16}$ per cent) and a sharper rise in the *Swiss franc sector,* from 8¾ per cent to 9$\frac{3}{16}$ per cent.

S. G. Warburg *and Nomura* are scheduled to launch a $50m five-year fixed-rate issue with warrtnts to buy equitp for Toray, the Japanese chemical fibres group.

Today is expected to see the launch of a $70m Japanese convertible bond offer for Bridge*stone Tyre. The 15-year paper* is likely to carry a 5½ per cent coupon *and lead-manager will* be Daiwa Securities.

In the *D-Mark foreign bond* sector this week's offering for the Council of Europe through BHF is unlikely to carry a coupon of less than 10 per cent.

● A SwFr 35m 5½-year convertible is being placed for Showa Musen, the *Japanese* electromechanical group. The coupon *is 5⅝ per cent and manager is* Union Bank of Switzerland.

Strong coal exports lift Norfolk and Western

BY OUR NEW YORK STAFF

STRONG COAL shipments, particularly *to* export markets, helped Norfolk and Western, the major U.S. railway, achieve record fourth-quarter and full-year profits despite a downturn in general freight traffic.

Net profits for the quarter were *$93.5m,* or *$2.86 a share,* up 15 per cent from the year earlier's $81.4m, or $2.55 a share, revenue is ahead by 17 per cent to $495.6m from $423m.

Although growth slowed in the fourth quarter, the company raised net profits for the full year by 25 per cent, from $232.4m, or $7.36 a share, to $291.1m, or $8.94 a share. Revenues rose 14 per cent to $1.8bn from $1.58bn.

N and W's coal shipments for the export market totalled 9.2m tons in the fourth quarter against 6.8m tons a year earlier. Shipments for domestic power generation totalled 7.5m tons *compare with 8.9m tons.*

The railway, which is seeking government approval for a merger with Southern Railway, expects coal traffic to continue strong this year. But it does not *expect* general freight traffic to pick up before the third or fourth quarter.

The nation's freight traffic dipped by only 0.4 per cent to 915bn tonne-miles last year from 1980. But this masked a 3.3 per cent downturn in the fourth quarter reflecting lower economic activity.

Shipments in the first three weeks of the current year were down 14.7 per cent from the opening period of 1981 to 42.3bn tonne-miles. Some of the hardest hit sectors, with decreases of about a third, included motor vehicles, grain, *lumber and ores.*

N and W is still waiting for government approval of its 20 per cent stake in Piedmont Aviation, a fast-growing, and profitable regional airline. The railway has pledged not to lift its stake, accumulated last year at a cost of about $57m, for five years.

American Brands ahead in final period

By Our Financial Staff

A SUBSTANTIAL upturn in *the final quarter has* enabled American Brands, manufacturer of Lucky Strike, *Pall Mall* and other well-known U.S. cigarettes, to meet forecasts of a modest gain in earnings for 1981.

Total net for the year is 2.1 per cent up at $386.1m or $6.68 a share. But sales for the year are 4 per cent off at $6.53bn, and the gain in *earnings leans* heavily on the fourth quarter when to total jumped by 32 per cent, despite an 8 per cent drop in sales.

At the nine-month point, American Brands, which owns Gallaher, the UK cigarette maker, recorded an 11 per cent *fall in earnings.*

The directors commented early last year on the effects on earnings of foreign currency fluctuations—American Brands takes a fifth of its profits from tobacco operations outside the U.S. It also said that softer earnings at Gallaher had held back the *group* total.

Oil groups show sharp quarterly earnings gains

BY OUR NEW YORK STAFF

TWO LARGE independent U.S. oil companies yesterday reported strong quarterly earnings while Hughes Tool, the leading supplier of drilling bits to the oil industry, reported record quarterly and annual *profits largely due to the U.S.* drilling boom following *decontrol of domestic oil prices.*

Union Oil of California, a leading independent which has been regarded as a possible takeover target in the latest *wave of oil takeovers,* showed a 33 per cent gain in fourth quarter *earnings to $236m from* $177.2m in the final period of 1980.

Despite a weak oil products market, the company's annual earnings rose to $791.4m from $647m in 1980, revenues *increasing from* $10.5bn to $11.3bn.

Ashland Oil, the country's leading independent refiner, lifted its first quarter profits 135 per cent to $47.5m from $20.2m in the same period the year before, or to $1.40 a share from *55cents. Revenues rose from* $2.07bn to $2.46bn.

Improved refining margins and the purchase of more lower-cost crude oil were the main *reasons for this sharp improve*ment and recovery from the difficulties the company faced in the first quarter of its previous fiscal year.

For its part, Hughes Tool, the former sheet anchor of the *empire of the late and mysteri*ous Mr Howard Hughes, reported record earnings for both its final quarter and for the whole of 1981.

Earnings last year rose to $255.2m on sales of $1.8bn, from profits of $132.2m on sales of $1.2bn in 1980. In the final period, earnings rose to $72.6m from $42.2m on sales of $473.6m against $352.7m in the fourth *quarter of 1980.*

The company attributed its strong performance to decontrol of domestic U.S. oil prices which has led to record drill*ing activity in the country.*

NORTH AMERICAN QUARTERLY RESULTS

ACME-CLEVELAND

First quarter	1981-82 $	1980-81 $
Revenue	101.3m	102.6m
Net profits	3.84m	2.28m
Net per share	0.85	0.50

AIR PRODUCTS & CHEMICALS

First quarter	1981-82 $	1980-81 $
Revenue	373.6m	366.4m
Net profits	34.58m	32.28m
Net per share	1.21	1.13

ALBERTO-CULVER

First quarter	1981-82 $	1980-81 $
Revenue	81m	67.9m
Net profits	1.46m	1.13m
Net per share	0.38	0.29

AMERICAN ELECTRIC POWER

Fourth quarter	1981 $	1980 $
Revenue	1.02bn	98m
Net profits	107.8m	76.5m
Net per share	0.68	0.52
Year		
Revenue	4.19bn	3.75bn
Net profits	368.2m	344.8m
Net per share	2.37	2.39

AMERICAN HOME PRODUCTS

Fourth quarter	1981 $	1980 $
Revenue	1.04bn	986.4m
Net profits	127.9m	113.8m
Net per share	0.82	0.73
Year		
Revenue	4.13bn	3.8bn
Net profits	497.3m	445.9m
Net per share	3.18	2.84

AM FAC

Fourth quarter	1981 $	1980 $
Net profits	7.71m	24.45m
Net per share	0.53	1.71
Year		
Revenue	2.15bn	1.92bn
Net profits	41.91m	78.1m
Net per share	2.88	5.37

AMSTAR

Second quarter	1981-82 $	1980-81 $
Revenue	399.8m	553.4m
Net profits	11.65m	23.93m
Net per share	1.29	2.67
Six months		
Revenue	813.7m	1.07bn
Net profits	38.96m	42.59m
Net per share	4.09	4.75

BOISE CASCADE

Fourth quarter	1981 $	1980 $
Revenue	728m	807m
Net profits	37.2m	37.7m
Net per share	1.40	1.42
Year		
Revenue	3.1bn	3bn
Net profits	120m	135m
Net per share	4.50	5.08

CAROLINA LIGHT & POWER

Fourth quarter	1981 $	1980 $
Revenue	315.3m	287.9m
Net profits	48.23m	55.42m
Net per share	0.68	0.92
Year		
Revenue	1.34bn	1.08bn
Net profits	203.6m	161.4m
Net per share	3.06	2.73

CESSNA AIRCRAFT

First quarter	1981-82 $	1980-81 $
Revenue	281.3m	251m
Net profits	15.04m	13.96m
Net per share	0.78	0.74

COMMONWEALTH EDISON

Fourth quarter	1981 $	1980 $
Revenue	904.1m	836m
Net profits	100.6m	94.1m
Net per share	0.62	0.69
Year		
Revenue	3.74bn	3.32bn
Net profits	449.9m	382m
Net per share	3.06	2.97

DUKE POWER

Fourth quarter	1981 $	1980 $
Revenue	484.8m	425.2m
Net profits	79.6m	76.8m
Net per share	0.74	0.72
Year		
Revenue	1.9bn	1.68bn
Net profits	336.3m	311.1m
Net per share	3.19	3.08

EASTERN GAS AND FUEL

Fourth quarter	1981 $	1980 $
Revenue	350.7m	282.7m
Net profits	24.95m	16.99m
Net per share	1.10	0.75
Year		
Revenue	1.18bn	1bn
Net profits	60.12m	54.77m
Net per share	2.65	2.45

ETHYL CORPORATION

Fourth quarter	1981 $	1980 $
Net profits	23.85m	24.68m
Net per share	1.20	1.24
Year		
Revenue	1.76bn	1.74bn
Net profits	90.89m	89.68m
Net per share	4.56	4.49

EVANS PRODUCTS

Fourth quarter	1981 $	1980 $
Net profits	5.87m	10.65m
Net per share	0.38	0.77
Year		
Revenue	1.54bn	1.45bn
Net profits	15.12m	40.96m
Net per share	0.83	2.93

EX-CELL-O

Fourth quarter	1981 $	1980 $
Net profits	16.17m	15.39m
Net per share	1.06	0.99
Year		
Revenue	1.12bn	1.02bn
Net profits	56.81m	50.4m
Net per share	3.71	3.27

FIRST BANK SYSTEM

Fourth quarter	1981 $	1980 $
Net profits	26.1m	28.4m
Net per share	1.72	1.88
Year		
Net profits	107.1m	111.6m
Net per share	7.06	7.40

FIRST MISSISSIPPI CORP.

Second quarter	1981-82 $	1980-81 $
Revenue	95.6m	98.8m
Net profits	6.22m	8.39
Net per share	0.29	0.39
Six months		
Revenue	148.8m	156.4m
Net profits	6.24m	12.2m
Net per share	0.29	0.57

FOREMOST-MCKESSON

Third quarter	1981-82 $	1980-81 $
Revenue	1.19bn	1.09bn
Net profits	22.16m	21.25m
Net per share	1.29	1.33
Nine months		
Revenue	3.4bn	3.09bn
Net profits	56.56m	52.45m
Net per share	3.42	3.30

HARRIS CORPORATION

Second quarter	1981-82 $	1980-81 $
Revenue	426.6m	386.4m
Net profits	19.68m	34.2m
Net per share	0.63	1.11
Six months		
Revenue	818.9m	734.2m
Net profits	43.63m	54.95m
Net per share	1.40	1.79

HARSCO

Year	1981 $	1980 $
Revenue	1.15bn	1.06bn
Net profits	61.3m	49.7m
Net per share	3.13	2.47

HERCULES INC.

Fourth quarter	1981 $	1980 $
Revenue	649m	633m
Net profits	16m	31m
Net per share	0.38	0.71
Year		
Revenue	2.71bn	2.48bn
Net profits	136.4m	114m
Net per share	3.09	2.60

HEUBLEIN

Second quarter	1981-82 $	1980-81 $
Revenue	587.5m	565.8m
Net profits	29.26m	26.43m
Net per share	1.35	1.22
Six months		
Revenue	1.2bn	1.04bn
Net profits	57.56m	49.47m
Net per share	2.65	2.29

HILTON HOTELS

Fourth quarter	1981 $	1980 $
Revenue	157m	151.2m
Net profits	29.3m	25.29m
Net per share	1.10	0.99
Year		
Revenue	612.7m	575.6m
Net profits	112.6m	106.1m
Net per share	4.22	4.00

IMPERIAL CORP. OF AMERICA

Fourth quarter	1981 $	1980 $
Net profits	†24.8m	11.3m
Net per share	†1.75	0.79
Year		
Revenue	877m	714m
Net profits	†37.8m	40.7m
Net per share	†2.66	2.86

† Loss.

KIMBERLEY-CLARK

Fourth quarter	1981 $	1980 $
Revenue	730.1m	690.4m
Net profits	39.6m	43.9m
Net per share	180	1.82
Year		
Revenue	2.89bn	2.6bn
Net profits	204.7m	181.8m
Net per share	9.12	7.85

KOPPERS

Fourth quarter	1981 $	1980 $
Revenue	513.4m	508.6m
Net profits	14.06m	11.34m
Net per share	0.43	0.41
Year		
Revenue	2.02bn	1.93bn
Net profits	51.64m	53.96m
Net per share	1.58	1.98

LEAR SIEGLER

Second quarter	1981-82 $	1980-81 $
Revenue	361.7m	379.2m
Net profits	19.47m	19.06m
Net per share	1.18	1.19
Six months		
Revenue	728.9m	726.4m
Net profits	35.39m	33.09m
Net per share	2.14	2.07

MIDLAND-ROSS

Fourth quarter	1981 $	1980 $
Revenue	231.1m	231.8m
Net profits	5.5m	9.4m
Net per share	0.45	0.80
Year		
Revenue	907.2m	908.4m
Net profits	24.7m	43.8m
Net per share	2.06	3.70

NEW ENGLAND ELEC. SYSTEM

Fourth quarter	1981 $	1980 $
Revenue	312m	314.2m
Net profits	25.65m	22.8m
Net per share	1.13	1.04
Year		
Revenue	1.28bn	1.09bn
Net profits	90.98m	76.36m
Net per share	4.05	3.50

OMARK INDUSTRIES

Second quarter	1981-82 $	1980-81 $
Revenue	70m	72.8m
Net profits	4.74m	7.41m
Net per share	0.66	1.03
Six months		
Revenue	141.2m	141.8m
Net profits	10.51m	15.37m
Net per share	1.46	2.16

OUTBOARD MARINE

First quarter	1981-82 $	1980-81 $
Revenue	134.4m	124.5m
Net profits	†1.6m	†4.1m
Net per share	†0.19	†0.49

PACIFIC GAS & ELECTRIC

Fourth quarter	1981 $	1980 $
Revenue	1.62bn	1.49bn
Net profits	100.9m	93.83m
Net per share	0.78	0.80
Year		
Revenue	6.19bn	5.26bn
Net profits	430.9m	415.6m
Net per share	3.41	3.60

PENN CENTRAL

Fourth quarter	1981 $	1980 $
Revenue	856.4m	561.2m
Net profits	31.9m	15.5m
Net per share	0.73	0.21
Year		
Revenue	3.34bn	2.01bn
Net profits	168.7m	93.6m
Net per share	4.18	1.81

REEVES COMMUNICATIONS

Second quarter	1981-82 $	1980-81 $
Revenue	59.8m	22.1m
Net profits	6.05m	1.76m
Net per share	0.75	0.31
Six months		
Revenue	102.8m	34.7m
Net profits	9.39m	2.33m
Net per share	1.19	0.41

ROHM AND HAAS

Fourth quarter	1981 $	1980 $
Revenue	419m	418.6m
Net profits	19.2m	17m
Net per share	1.49	1.31
Year		
Revenue	1.88bn	93.7m
Net profits	93.1m	93.7m
Net per share	7.21	7.28

SMITHKLINE

Fourth quarter	1981 $	1980 $
Revenue	509.6m	476.1m
Net profits	98.17m	81.9m
Net per share	1.47	1.23
Year		
Revenue	1.99bn	1.77bn
Net profits	370m	307.9m
Net per share	5.55	4.65

SOUTHERN CALIFORNIA EDISON

Fourth quarter	1981 $	1980 $
Revenue	1.04bn	969.2m
Net profits	110.9m	53.99m
Net per share	1.27	0.71
Year		
Revenue	4.05bn	3.66bn
Net profits	422m	256.6m
Net per share	4.93	3.50

SOUTHERN PACIFIC

Fourth quarter	1981 $	1980 $
Revenue	809.5m	753.2m
Net profits	63.44m	64.38m
Net per share	2.32	2.38
Year		
Revenue	3.27bn	2.86bn
Net profits	167.7m	155.9m
Net per share	6.18	5.78

SOUTHWEST AIRLINES

Fourth quarter	1981 $	1980 $
Revenue	65.9m	57.5m
Net profits	8.14m	7.96m
Net per share	0.78	0.85
Year		
Revenue	270.3m	213m
Net profits	34.1m	28.4m
Net per share	3.38	2.25

STAUFFER CHEMICAL

Fourth quarter	1981 $	1980 $
Revenue	376.5m	425.4m
Net profits	24.66m	42.07m
Net per share	0.56	0.96
Year		
Revenue	1.73bn	1.7bn
Net profits	149.9m	136.2m
Net per share	3.41	3.10

TRANE COMPANY

Fourth quarter	1981 $	1980 $
Revenue	194.1m	196.3m
Net profits	8.8m	6.49m
Net per share	0.86	0.64
Year		
Revenue	807.4m	764.8m
Net profits	37.24m	33.78m
Net per share	3.65	3.32

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday February 16.

Closing prices on January 25

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	101½	102	−0½	+0⅛	16.00
APS Fin. Co. 17⅛ 86 ...	60	102⅝	103⅛	−0⅞	−0½	16.25
Armco O/S Fin. 15⅞ 86	50	98⅞	99⅜	−0⅛	+0¼	15.60
Bank Montreal 16¼ 91	150	99⅝	100⅛	−0⅝	+0⅛	16.24
Br. Colum. Hyd. 16¾ 88	100	100⅝	101⅛	−0⅛	+0⅛	15.97
Br. Colum. Mfs. 17 87	54	102⅜	103⅛	−0⅜	−0⅞	15.42
Can. Nat. Rail 14⅝ 91	100	92½	93	−0⅛	+0⅛	16.11
Caterpillar Fin. 16½ 86	100	100⅞	101⅜	−0½	−0⅛	16.08
CFMP 16¾ 86	100	101⅝	102⅛	−0⅛	+0⅛	16.37
CIBC 16¾ 91	100	100⅜	101⅝	0	+0½	16.48
Citicorp O/S 16¾ 86	150	102½	103	−0⅜	0	15.80
Cities Service 17 88	150	103⅝	104	−0⅜	−0⅜	15.97
Cons.-Bathurst 17½ 88	60	103⅛	103⅝	−0⅛	+0⅛	15.58
CPC Fin. 16⅜ 86	50	103⅛	103⅝	−1⅛	−1⅛	15.59
Dupont O/S 14½ 88 ...	400	96⅛	96⅝	−0⅛	+0⅛	15.36
EIB 16½ 88	100	100	100½	−0⅛	0	16.36
EIB 16⅝ 91	100	100⅜	100⅞	−0½	−0⅛	16.57
GMAC O/S Fin. 16½ 84	300	100⅛	100⅝	−0⅛	+0⅛	16.16
Gulf States O/S 17½ 88	80	103⅛	103⅝	−0⅛	+0⅛	16.52
Japan Airlines 15¾ 88...	50	98⅜	99⅜	—	—	15.46
Nat. Bk. Canada 16½ 88	40	100⅛	100⅞	0	+0⅛	17.02
Nat. West. 14½ 91	100	94⅝	95⅛	−0⅛	−0⅛	15.79
New Brunswick 17 88	60	103⅝	104⅛	−0⅛	−0⅛	15.95
Newfoundland 17⅛ 89	60	105½	106	−0⅛	−0⅛	15.84
New & Lab. Hy. 17⅛ 89	75	103	103½	−0½	0	16.44
Ohio Edison Fin. 17½ 88	75	102⅝	103⅛	−0⅛	+0½	16.66
OKG 15¾ 97	50	96⅞	97⅜	−0⅛	0	16.24
Ontario Hyd. 16 91 (N)	200	99⅝	100⅛	−0¼	+0⅞	15.96
Pac. Gas & El. 15¾ 89	80	99⅝	100⅛	−1½	−1⅞	15.77
Quebec Hydro 17⅛ 91	150	103⅛	103⅝	0	+0⅛	16.48
Quebec Province 15⅛ 89	150	95⅜	96⅛	−0⅛	−0½	16.18
Saskatchewan 16⅝ 88	100	100⅜	100⅞	−0⅛	+0⅛	16.08
Statsforetag 15¾ 87 ...	50	98⅞	98⅜	−0⅛	+0⅛	16.32
Sweden 14½ 88	150	92⅜	92⅞	−0½	0	16.40
Swed. Ex. Cred. 16½ 93	75	100⅝	101⅛	−0⅛	−0⅛	16.27
Tenneco Int. 17 89	100	103⅛	103⅝	−0½	−0⅛	16.14
Texas Eastern 15⅞ 88	75	98⅝	99⅛	−0⅛	−0⅛	16.13
Transcanada 17⅜ 88 ...	75	105⅝	106⅛	−0⅛	+0⅛	16.16
Transcanada 16 89 ...	100	99⅜	99⅞	−0⅛	0	16.05
Walt Disney 15⅜ 86	100	100½	101	−0⅛	+0½	15.42
Winnipeg 17 86	50	102⅛	102⅝	−0⅛	+0⅛	16.12
WMC Fin. 15½ 88	50	96	96½	−0⅛	−0⅛	16.42
World Bank 16 88	80	99⅜	99⅞	−0⅛	+0⅛	16.10
World Bank 16½ 86 ...	130	101⅜	101⅞	−0⅛	−0⅛	15.90
World Bank 16½ 88 ...	100	100⅜	100⅞	−0⅛	+0⅛	16.27

Average price changes... on day −0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	99	99½	+0⅛	+0⅛	10.10
Asian Dv. Bank 10⅜ 89	100	101½	102⅛	−0⅛	+0⅛	10.36
Australia 9⅜ 91	300	99	99½	0	+0⅛	9.49
Belgelectric 11 91	100	101⅜	101⅞	−0⅛	0	10.72
CECA 10 91	120	101⅜	101⅞	−0⅛	0	9.74
Coun. of Europe 10 91	100	99⅝	100⅛	−0⅛	−0⅛	10.01
Coun. of Europe 10⅛ 91	100	100⅝	101⅛	−0⅛	0	10.07
EEC 10½ 93	100	100½	100⅞	−0½	0	10.06
EIB 8½ 90	200	91⅞	92⅜	+0⅛	+0⅛	9.85
EIB 10½ 91	200	101⅞	102⅜	0	0	10.10
Finland, Rep. of 10½ 86	100	99⅞	100⅜	−0½	0	10.41
Inter-American 10 91...	100	99⅞	100⅜	0	+0⅛	9.95
Inter-American 10⅛ 91	100	99⅞	100⅜	−0⅛	−0⅛	10.20
Ireland 10⅛ 88	100	99½	100⅛	+0⅛	+0½	10.15
Japan Air Lines 8½ 87	100	95⅜	95⅞	0	+0⅛	9.15
Midland Int. Fin. 8½ 90	180	93⅛	94	0	+0⅛	9.60
Mt. Bk. Dnmk. 10½ 91	100	99⅝	100⅛	−0⅛	0	10.51
New Zealand 9⅜ 89 ...	200	99⅞	100⅜	−0⅛	0	9.72
OKB 10⅛ 91	150	100⅛	100⅝	−0⅛	−0⅛	10.05
Quebec Hydro 10⅛ 91...	150	101⅜	102⅛	−0⅛	+0⅛	9.91
Renault Acpt. 10⅜ 86	150	100⅛	100⅞	0	+0⅛	10.56
Swed. Ex. Cred. 10⅛ 91	100	99⅜	99⅞	−0⅛	+0⅛	10.32
World Bank 10 91 ...	250	99⅞	100⅜	−0⅛	0	9.95

Average price changes... on day −0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91...	60	†94½	95	+0⅛	0	7.29
Asian Dev. Bank 8 90	80	101⅛	101⅝	0	−0⅛	7.73
BFCE 6½ 91	100	94⅜	94⅞	−0½	−0½	7.31
Belgelectric Fin. 7⅜ 91	100	100½	101	−0⅞	−0⅜	7.61
Bell Canada 7⅜ 93	100	105⅛	105½	−0⅞	−0⅛	6.58
Bergen, City of 6⅞ 91	40	100½	100⅞	−0⅛	+0½	6.65
Bet. de Autopistas 8 90	50	100½	100⅞	0	−0⅛	7.98
CECA 6⅞ 91	80	100	100⅛	+0⅛	+1	6.73
Dome Petroleum 5⅞ 91	100	93⅜	93½	−0⅛	−0⅛	6.75
Dome Petroleum 7⅛ 90	100	103	103⅛	−0½	−0⅛	6.75
Franc. Petroles 6½ 91...	80	†95⅞	96⅜	+0⅛	+0⅛	7.02
Genstar 7 91	100	102	102⅛	+0⅛	+0½	6.68
Int. Amer. Dv. Bk. 7 91	100	99	99⅛	−0⅛	+0½	7.13
I/S Elsam 8½ 91	80	105	105⅛	0	+0½	7.72
Japan Air Lines 7⅛ 91	100	104	104⅛	0	−0⅛	6.66
Neder. Gasunie 8 91...	100	107⅛	107½	+0⅞	+1⅛	6.93
OKB 7 93	100	99⅛	99⅜	−0⅞	−0⅛	7.09
OKE 7⅛ 91	100	101⅜	101⅝	+0⅛	+0⅛	7.07
Oslo, City of 8 91	100	105⅛	106	+0⅛	+0⅛	7.14
Saint Etienne 8½ 91 ...	20	104⅜	105	−0⅛	+0⅛	7.77
Swed. Ex. Credit 7⅛ 91	75	97⅝	97⅞	0	−0⅛	7.59
TNT O/S Fin. 8 91 ...	60	105	105⅛	0	0	7.25
Unilever NV 7½ 93 ...	100	105⅛	106	+0⅛	0	6.78
World Bank 6 91	100	92⅝	92⅞	0	−0½	7.11
World Bank 7 90	100	99	99½	−0⅛	−2⅛	7.12
World Bank 8 91	100	103½	104	−1	−1⅛	7.44

Average price changes... on day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	99⅝	100⅛	−0⅛	−0⅛	8.28
Australia 8½ 88	20	91⅛	92⅛	0	0	8.25
EIB 7⅛ 89	12	98⅛	99⅛	−0⅛	−0⅛	7.92
Finland, Rep. of 8⅛ 87	15	99⅜	100⅛	−0⅛	−0½	8.30
Int.-Amer. Dev. 8⅛ 91	15	102⅝	103½	+0⅛	−0⅛	8.38
New Zealand 8⅛ 87 ...	15	100⅜	101⅛	+0⅛	0	8.15

Average price changes... on day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 86 C$	50	†97⅛	98⅛	0	−0⅛	17.38
Federal Dev. 17⅛ 86 C$	40	†102½	103½	0	0	16.71
GMAC (Can.) 18 87 C$	60	†105⅛	106½	0	+0½	16.22
Pancanadian 16½ 88 C$	65	†98⅛	98⅝	+0⅛	+0⅛	16.85
Queb. Urban 16⅜ 86 C$	20	†100⅛	101⅛	0	+0⅛	16.48
Roynat 17⅛ 86 C$	40	†101½	102	+0⅛	+0⅛	16.66
Tordom Cpn. 13½ 85 C$	30	†93½	94½	0	+0⅛	15.88
M. Bk. Dnmk. 9 91 EUA	25	83½	85	0	−0⅛	11.78
SOFTE 8⅛ 89 EUA	40	78½	79½	0	+0⅛	12.91
U. Bk. Nwy. 9½ 90 EUA	18	91½	92½	0	+0⅛	11.01
Algemene Bk. 10⅛ 86 Fl	60	97½	98	−0⅛	+0⅛	10.94
Amfas Group 12⅛ 86 Fl	40	102½	103	−0⅛	+0½	11.45
Amro Bank 12 86 Fl ...	75	100⅞	101⅜	−0⅛	−0⅛	11.61
Amro Bank 12 86 Fl ...	60	101⅛	101⅝	0	+0⅛	11.54
Heineken NV 10 87 Fl...	100	96⅝	97⅛	−0⅛	+0⅛	10.72
Pierson 10⅛ 86 Fl	50	97½	98	−0⅛	−0⅛	10.94
Rabobank 12 86 Fl	50	101⅛	101⅝	−0½	−0⅛	11.54
Air France 14½ 86 FFr...	200	93⅛	94⅛	+0⅛	+0⅛	16.61
Bk. America 14½ 85 FFr	250	92⅝	93⅛	0	−0⅛	16.90
Charb'nages 13⅞ 85 FFr	400	92⅞	93⅞	−0⅛	−0⅛	16.27
EIB 14½ 88 FFr	300	89⅜	90⅜	0	0	16.94
La Redoute 14⅛ 85 FFr	125	91	92	−0⅛	−0⅛	17.52
OKB 14 86 FFr	400	92½	93½	0	0	16.48
Solvay et C. 14⅝ 86 FFr	200	92⅛	93⅛	0	−0⅛	17.30
Swed. E. Cr. 14⅝ 86 FFr	250	92⅛	93⅛	+0⅛	+0⅛	17.12
U. Mex. Sts. 14 85 FFr	150	91⅞	92⅞	0	0	17.40
Acona 14 85 £	20	90½	91½	+0⅛	+0⅛	17.34
Beneficial 14⅛ 90 £	20	83⅛	84⅛	+0⅛	+0⅛	17.89
BNP 13½ 91 £	15	84⅛	85⅛	+0⅛	+0⅛	16.88
CECA 13½ 88 £	20	88⅛	89⅛	0	+0⅛	16.19
Citicorp O/S 13½ 90 £	50	88⅛	89⅛	+0⅛	+0⅛	16.97
Fin. Ex. Cred. 13⅛ 86 £	15	90⅛	91⅛	+0⅛	+0⅛	16.91
Gen. Elec. Co. 12½ 89 £	50	85½	86½	−0⅛	0	15.89
Hiram Walker 14⅛ 86 £	25	93⅛	94⅛	+0⅛	+0⅛	16.35
Privatbanken 14½ 88 £	12	88½	89⅛	+0⅛	+0⅛	17.44
J. Rothschild 14⅛ 90 £	12	92⅝	93⅝	+0⅛	+0⅛	15.71
Royal Trustco 14 86 £...	12	92⅞	93⅞	+0⅛	+0⅛	16.31
Swed. Ex. Cr. 13⅛ 86 £	20	90⅞	91⅞	+0⅛	+0⅛	16.76
Akzo 9⅛ 87 LuxFr	500	85⅛	86⅛	0	+0⅛	12.88
Euratom 9⅛ 88 LuxFr ...	500	86⅞	87⅞	0	+1⅛	12.91
Eurofima 10½ 87 LuxFr	500	92⅛	93⅛	0	+0⅛	12.34
EIB 9⅛ 88 LuxFr	600	88	89	0	+0⅛	12.59
Volvo 9⅛ 87 LuxFr	500	86	87	0	−0⅛	13.19

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5⅛ 90	0⅛	99½	99⅞	18/8	14⅛	14.30
Bank of Montreal 5⅛ 91	0⅛	99⅛	99⅞	29/4	17.06	17.13
Bank of Tokyo 5⅛ 91 ...	0⅛	98	98½	10/6	13⅛	13.49
Bk. Nova Scotia 5⅛ 93	0⅛	99⅛	99⅞	29/4	17.06	17.13
BBL Int. 5 86	0⅛	98⅞	99⅛	20/5	13½	13.62
BFCE 5⅛ 88	0⅛	99½	100	26/4	16.94	16.98
Christiania Bk. 5½ 91...	‡0⅛	98⅝	99⅛	5/2	15.56	15.74
Co-Ban Eurofin. 5½ 91...	0⅛	99⅝	99⅛	14/4	16.69	16.88
Den Norske Cred. 5½ 93	0⅛	97½	97⅞	4/6	13.56	13.89
Genfinance 5⅛ 92	0⅛	99⅛	99⅝	30/6	15⅛	15.56
Giro und Bank 5⅛ 91 ...	‡0⅛	98⅞	99⅛	23/3	14.06	14.19
GZB 5⅛ 92	‡0⅛	99⅝	99⅞	5/3	13⅛	13.27
Ind. Bank Japan 5⅛ 88	0⅛	98⅛	98⅞	9/5	13.31	13.50
Lloyds Eurofin 5⅛ 93 ...	§0⅛	99½	100	29/4	17.13	17.17
LTCB Japan 5½ 89	0⅛	98⅞	99½	16/7	15.31	15.45
Midland Int. Fin. 9 91	0⅛	99⅝	100⅛	30/4	17.06	17.08
Nacional Fin. 5½ 88 ...	0⅛	97½	98	25/3	17.31	17.71
Nat. Bk. Canada 5⅛ 88	0⅛	99½	100	24/3	17.31	17.36
Nat. West. Fin. 5⅛ 91...	§0½	98⅞	99⅛	15/7	15.19	15.32
Nat. West. Fin. 5⅛ 92...	§0⅛	99½	100	23/4	17	17.04
Nordic Int. Fin. 5½ 91...	0⅛	98⅝	99⅛	6/5	15⅛	15.78
Offshore Mining 5⅛ 91	0⅛	97⅞	98⅛	2/8	13	13.25
Pemex 6 91	0⅛	97⅛	97⅞	8/4	17	17.41
PKbanken 5 91	0⅛	98⅞	99⅛	17/6	14⅛	14.54
Sanwa Int. Fin. 5⅛ 88...	0⅛	†99⅛	99)	24/3	17⅛	17.31
Scotland Int. 5½ 92 ...	0⅛	98	99½	23/3	13.94	14.19
Sec. Pacific 5⅛ 91	0⅛	98⅛	98⅞	24/5	13⅛	13.43
Societe Generale 5⅛ 91	0⅛	99	99½	22/1	18⅛	18.77
Sparebanken 6 87	0⅛	98⅛	99⅛	21/6	14.44	14.80
Standard Chart. 5⅛ 91	0⅛	97⅞	98⅛	18/5	13.31	13.58
Sumitomo Fin. 5½ 88...	0⅛	99	99½	6/2	19.56	19.71

Average price changes.. On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	100⅛	101⅛	+0½	6.82
Bow Valley Inv. 8 95 ...	4/81	23.12	94⅛	96	−4⅞	36.06
Canon 6⅛ 95	1/81	829	113	115	+0⅞	2.80
Daiwa Secs. 5½ 96	12/81	513.3	†79	81	+0⅛	−1.44
Fujitsu Fanuc 4½ 96 ...	10/81	6770	111⅛	113⅛	−0⅛	2.85
Furukawa Elec. 5⅛ 96...	7/81	300	125⅛	127⅛	+1⅛	1.33
Hanson O/S Fin. 9½ 96	8/81	2.74	†85	86	−2⅛	−4.62
Hitachi Cred. Cpn. 5 96	7/81	1773	89	91	−2⅛	2.42
Inchcape 8 95	2/81	4.56	†62	63½	+1	13.42
Kawasaki 5⅛ 96	9/81	229	81½	83	−0½	4.85
Marui 6 96	7/81	931	104	105½	−0½	−0.11
Matsushita El. 7½ 95 ...	11/80	590	92½	94	−0½	2.83
Minolta Camera 5 96 ...	10/81	909	73	74½	−0⅛	5.67
Murata 5⅛ 96	7/81	2190	78⅞	80⅛	−0⅛	27.69
NKK 6½ 96	7/81	188	97½	99	+0⅛	3.37
Nippon Chemi-C. 5 91...	10/81	919	75	77	0	−0.50
Ricoh 6⅛ 95	8/80	604	115½	117½	0	1.70
Sanyo Electric 5 96	10/81	652	80	81½	−0⅛	2.65
Sumitomo Met. 5⅛ 96...	10/81	305	81½	83	−2⅛	0.80
Swiss Bk. Cpn. 6⅛ 90...	9/80	191	†72	74	0	13.61
Taylor Woodrow 8⅛ 90	1/81	4.94	†83	84	−0⅛	−1.87
Transco Int. 8⅛ 95	8/81	68	†73	74½	−1½	27.35
Tricorp 8½ 95	2/81	31.25	†61½	63	−2	62.11
Union Bk. Switz. 5 89...	2/80	70.79	†82½	84½	0	7.09
Konishiroku 8 90 DM ...	2/82	595	105	106	0	−2.74
Mitsubishi H. 6 89 DM	2/82	263	102	103	0	0.24

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Yugoslavia suspends credit talks

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

YUGOSLAVIA HAS quietly wound down its efforts to negotiate a large credit in the Euromarkets because of very poor market reception to its proposals.

As a result, say bankers who follow the country closely, there is now only a slim chance of the project getting off the ground, although neither side will admit that the idea of a large credit has been scrapped altogether.

The credit was first broached last autumn by Dr Ksente Bogoev, the then president of the country's central bank, who said that Yugoslavia would like to raise a loan of $400m as part of its 1981 financing requirement.

But at an initia lmeeting with banks in London last November it was immediately clear that such an amount was far in excess of what the market was willing to provide, and Yugoslavia began publicly to scale down its expectations.

Now it appears at least temporarily to have halted active negotiations for the credit altogether, having told international banks that it wants to review the situation over the course of the next month.

This will allow time for the completion of more detailed statistics on Yugoslavia's economic performance over the past year. On the one hand the Government in Belgrade will then be able to assess its need for foreign finance more accurately; on the other, it hopes that potential lenders will have more time to appreciate the efforts it has made in restoring its balance of payments to a more orderly footing.

Already Mr Zvone Dragan, the Prime Minister, has said that last year's current deficit is expected to turn out at around $1.4bn instead of the $1.8bn originally projected.

Few bankers doubt that Yugoslavia has in fact succeeded in improving its balance of payments situation dramatically, but most add that Yugoslavia faces an uphill struggle if it does decide to revive the loan project in the future.

This is because the Eurocredit market has received such a large shock from the payments difficulties experienced first by Poland and now by Romania. Yugoslavia has been trying very hard to separate its own situation from the clearly much worse predicament of these two countries, but it has been very difficult to overcome the cautious mood of the market.

Indeed, this is seen by many bankers as the main reason why the original loan project aroused so little interest, although some also complain about Yugoslavia's apparent inflexibility in negotiating terms and conditions, as well as the sudden switch in key personalities late last year when Dr Bogoev was replaced as central bank president by Mr Razovan Makic, the former ambassador to West Germany.

Deutsche Bank Luxembourg well ahead

By Jonathan Carr in Bonn

Deutsche Bank's Luxembourg subsidiary reports a strong growth in business volume and income in the year ended September 30, 1981, but it warns of growing risks in international lending.

The balance sheet total of Deutsche Bank Compagnie Financiere Luxembourg rose by nearly LuxFr 100bn or about 32 per cent, to LuxFr 409bn ($10.4bn).

However, much of that growth is the largest in the bank's existence — was because of valuation at increased U.S. dollar and Deutsche Mark rates. The actual expansion of business was less pronounced.

The interest surplus of LuxFr 3.4bn was not less than 85.5 per cent higher than the result for 1979-80, and a profit for the financial year of Lux.Fr 758m was recorded. The latter sum, as in the past, is being allocated to free reserves

The bank noted that in 1980-81 it managed 24 international syndicated credits worth DM 38bn ($16.5bn) whereas the previous year it had managed 38 credits totalling DM 12bn.

Although the total volume of lending had risen, the bank said, its policy remained "restrictive and reserved." Growing risks and persistently unsatisfactory spreads had caused the bank to decide several times not to participate in international syndicates.

Deutsche Bank Luxembourg felt that the Eurobanking market as a whole was entering a phase of more moderate growth. Adequate limitation and distribution of country risks implied increasingly selectiv lending.

Ogem to be split up under agreement with bankers

BY CHARLES BATCHELOR IN ROTTERDAM

OGEM, the loss-making Dutch conglomerate, is to be split up under an agreement reached with its bankers. Profitable companies will be brought into a new holding to be called Vyverbos/TBI, while the loss-makers will be sold or closed.

Negotiations are still continuing for the sale of a large part of Ogem's trading operations to the Geneva-based Trans Gulf International, a shipping and trading concern owned by the Gokal family of Pakistan.

Ogem has at the same time asked for Fl 40m ($15.8m) of government aid for the Stokvis trading group, which is included in the negotiations with Trans Gulf. This would allow Stokvis to continue to operate independently if the negotiations fail.

The restructuring will guarantee the future of companies accounting for sales worth Fl 1.2bn, less than one-third of current Ogem turnover. A total of nearly 50 companies will be saved in the building, machine tool, industrial and electrical sectors.

A further 12 unprofitable companies will continue to operate temporarily under the Ogem group name but will be sold off or closed later. Otra, an independently quoted trading group in which Ogem has a 58 per cent stake will not be affected by the reorganisation. Ogem hopes to sell Stokvis and the new African Trading Company, with combined sales of more than Fl 1bn, to Trans Gulf.

Ogem and its bankers have agreed to form a trust which, through Vyverbos/TBI Holding, will own the successful Ogem companies. The bank consortium will finance the purchase by Vyverbos of the sound Ogem companies with a Fl 140m loan, equal to the net assets of these companies.

The consortium, comprising five Dutch and 16 foreign banks, will therefore become the indirect owners of Vyverbos, but the banks have chosen to work through a trust to allow the Dutch banks to retain their traditional distance from industry.

Once the Vyverbos companies are working smoothly together the intention is to sell them as one unit or individually. Vyverbos could theoretically be floated on the Amsterdam stock exchange. However, this would be a risky venture, Mr Harry Langman, board member of Algemene Bank Nederland, which heads the consortium, said.

The banks which have supported Ogem over the past two years will continue to finance Vyverbos. The consortium still has credit of Fl 560m outstanding to Ogem companies. However, all financial links between the Vyverbos companies and those remaining within Ogem have been severed. This will allow the Vyverbos companies to make a fresh start.

Shareholders in Ogem, whose stock exchange listing was suspended last week at under Fl 2 per nominal share, will not benefit from the new arrangement and have lost their entire investment.

Ogem incurred a net loss of Fl 80m last year on turnover of around Fl 3.9bn. High interest charges and the company's failure to sell loss-making subsidiaries meant that it had no future in its existing form. The only alternative to restructuring was for the entire group to file for bankruptcy, the Ogem board said.

Exports boost Deutsche Babcock

By Our Bonn Correspondent

DEUTSCHE BABCOCK, the West German power station and mechanical engineering group, increased profits, orders and sales in the year to September 30, 1981, chiefly as a result of flourishing demand from abroad.

The company gave no details of the profit figure, but said the overall group orders intake rose by 22 per cent to DM 6.5bn ($2.82bn). Orders in hand on September 30 were up by 10 per cent to DM 11.3bn—of which no less than 72 per cent represented export business.

Group sales increased by 12 per cent to DM 5.6bn—with exports accounting for 60 per cent.

In 1979-80 the group achieved good operating results, but set aside an unusually high sum in reserves as a precaution against risks in its foreign business. After-tax group profit was down to DM 24m from DM 45m.

Earnings advance by Perstorp

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

PERSTORP, THE Swedish special chemicals and plastics concern, reports a 13.6 per cent rise in earnings to SKr 50m ($8.9m) for the four months ended December 31 and appears to be on target for the profit recovery in 1981-82 forecast last month

Group sales advanced by 15.2 per cent to SKr 645m ($115m) in the four months. The fastest sales growth, 22 per cent, was recorded by Perstorp Kemi, the chemicals division.

Devaluation of the krona in September added a net SKr 2.9m to earnings. Capital investments dropped from SKr 35m to SKr 20m over the period but are expected to exceed SKr 100m for the full year.

During the four months Perstorp signed an agreement to buy for an undisclosed sum the amino plastics operation of Italy's Resem SpA, a subsidiary of Montedison. This purchase, it is claimed, gives the Swedish concern the world leadership in the production of amino plastics through manufacturing units in Sweden, Britain, Austria, Italy and the U.S.

Perstorp followed up earlier this month by announcing the formation, together with Ultra Empreendimentos E Participacoes, of a joint company to manufacture and sell amino plastics in Brazil. The plant is scheduled to start operating in 1983.

At the weekend Perstorp disclosed an agreement under which Astra-Syntex will market its wound healing preparation, Cadexomer iodine, in the Nordic countries. This is the first of several such agreements it expects to conclude in 1982 for marketing this product.

* * *

SKANDIA, Sweden's largest insurance company, proposes to raise the shareholders' dividend by SKr 1.50 to SKr 12.50 a share for 1981 in spite of a slimmer than expected profit growth.

Pre-tax earnings edged up by 2.7 per cent from SKr 594m to SKr 610m ($109m), according to preliminary figures. In October Skandia forecast final earnings for 1981 of around SKr 640m. Profits after tax are estimated at SKr 76 a share against SKr 74 in 1980.

Profits from investments and property management advanced from SKr 393m to around SKr 500m, accounting for all the profit growth.

Earnings on Swedish non-life insurance declined by SKr 56m to SKr 230m while the loss on international non-life business increased from SKr 85m to SKr 120m.

Premium income from non-life insurance rose by 16 per cent to SKr 7bn and is expected to reach SKr 7.5bn this year. Sales of individual life insurance increased by 10 per cent, generating a profit of around SKr 1.2bn, which under the Swedish law goes in its entirety to policyholders' bonuses.

Reduced loss at Saurer

By John Wicks in Zurich

ADOLPH SAURER the Swiss engineering and commercial-vehicles company suffered a further loss in 1981, but says this was less than half the previous year's loss of SwFr 10.6m ($5.7m), and cashflow was substantially up on the SwFr 5.1m ($2.75m) booked in 1980.

In 1980 group turnover amounted to SwFr 617m and the company mobilised unpublished reserves to reduce its net loss to SwFr 3.76m.

The company, says recent discussions with its banks have resulted in the guaranteeing of necessary financing at least until early next year.

Outside experts are currently looking at ways of improving the profitability of Saurer's foundry unit in Arbon.

Prospects in the textile machinery market are said to be noticeably better than for the industry as a whole and better results are anticipated in the industrial services sector.

Despite this, Saurer's management expresses concern both over the future for jobs in Switzerland and over its foreign operations.

Elkem expects slip into red despite higher sales

BY FAY GJESTER IN OSLO

ELKEM, THE Norwegian metals, mining and manufacturing concern, expects a loss of around NKr 150m ($25.6m) on its operations in 1981, compared with a profit of NKr 178m in 1980 and NKr 262m in 1979. The group attributes the poor result mainly to the continuing international recession, which has led to weak demand and heavy pressure on prices for its main products—steel, ferroalloys and aluminium. Other factors were cost developments in Norway, high interest rates and the strengthening of the dollar.

Turnover last year reached about NKr 4.7bn ($803m), compared with NKr 3.9bn in 1980. The increase partly reflected Elkem's acquisition in July of Union Carbide's five ferro alloy plants in the U.S. and Norway. U.S. interest rates in the second half of last year were higher tha nexpected, and an expected upturn in the economy did not materialise. As a result, earnings by the U.S. plants were lower than expected. Even so, Elkem's share of the newly acquired operations in the U.S. and Norway showed a profit in the final quarter.

Underlying growth for Weinerwald

By Our Zurich Correspondent

THE Wienerwald restaurant and hotel group booked record turnover of SwFr 1.77bn ($950m) last year. The Swiss parent company Wienerwald Holding, says that while this was an increase of only 5.1 per cent in Swiss Francs, growth was considerably greater in terms of local currencies. Calculated in Deutsche Marks, the currency of the most important European operations, sales have doubled since 1978.

At end 1981, the group had 1,551 restaurants, hotels and subsidiaries. The IHOP and Lums restaurant chains in the U.S. had 800 outlets, and there were more than 450 restaurants, hotels and other operations in Germany.

Growth for National Bank of Bahrain

By Mary Frings in Bahrain

PROFITS AT the National Bank of Bahrain, which is celebrating its silver jubilee, have risen by 42 per cent to BD 6.82m (U.S.$18m) for the year ended December 31, 1981. In 1979 and 1980, earnings increased by 25 and 30 per cent respectively.

Mr Nooruddin A. Nooruddin the bank's general manager said total assets, excluding contra accounts, amounted to BD 390m ($1.04bn), an increase of 31 per cent. Customer deposits rose by 34 per cent to BD 236m, with time deposits, in both local currency and dollars, of BD 165m showing a faster rate of growth than current and savings accounts.

Advances and overdrafts at BD 158m were up 27.5 per cent, compared with a rise of only 9 per cent in 1980. Contingent liabilities increased from BD 51m to BD 61m.

Paid-up capital was increased over the year from BD 8m to BD 14m, with BD 2m of the increase coming from a rights issue in December on which the premium of BD 10m was added to statutory reserves. Shareholders equity now totals BD 37m compared with BD 20m at the beginning of 1981.

The market value of the bank's BD 1 shares advanced from BD 30 to BD 36, following the recommendation by the board of a 10 per cent cash dividend and a 50 per cent scrip issue.

● UNITED GULF BANK, in which the major shareholders are Kuwaiti financial institutions, has declared a US$17m profit for 1981, its first full year of operation. UGB is licensed in Bahrain as an offshore bank, and its subsidiary, United Gulf Investments, was last year granted an investment banking licence.

Mohammed al Nouri, the managing director, said just over $11m of the year's profit would be capitalised and the balance transferred to reserves.

The remainder of the bank's authorised capital of $150m will be called up this year in two instalments. UGB is currently seeking approval from the Bahrain Monetary Agency for a $100m increase in authorised capital, of which half would be raised by public subscription.

● Applications are still being processed for the US$28m worth of ordinary shares being issued in Bahrain International Bank, which is to have a paid-up capital of $180m. The two-week registration period closed on Sunday and the latest tally of subscriptions has reached US$2.98m. Final results are not expected before the end of the month.

CHANGE AT THE TOP AT LUFTHANSA

Rough ride ahead for Ruhnau

BY JONATHAN CARR IN BONN

"IF YOU take Lufthansa, its for a smooth ride in the first place," says the West German airline's confident advertisement. It is doubtful whether Herr Heinz Ruhnau, a senior civil servant in Bonn who will become Lufthansa's new chief executive from July 1, feels that the statement applies to him. Indeed, he has established something of a record by running into serious turbulence even before his career in the airline business has got off the ground.

Herr Ruhnau's election last Friday by the Lufthansa supervisory board (with 14 votes in favour, four against, and two abstentions) was accompanied by a barrage of criticism—highly unusual for such an appointment in Germany. One third of Lufthansa's some 30,000-strong labour force appealed in a message to Chancellor Helmut Schmidt to "help us, so that a solution will not be forced on us which would mean no end to the unrest inside the enterprise and in public." A spokesman for the Christian Democrat (CDU) parliamentary opposition claimed that Herr Ruhnau's appointment was primarily a political one—and some German newspapers have agreed.

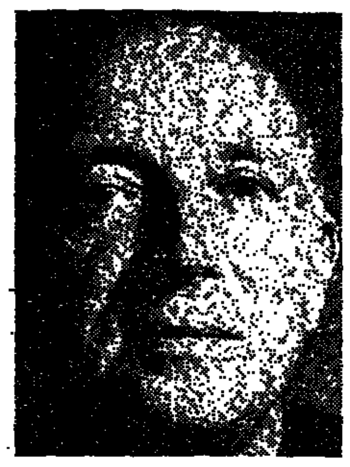
Behind the criticism lie personal and political motives which are hard to disentangle. Above all there is the pride of Lufthansa employees in the airline, which they feel has weathered the economic storms of the past few years better than most of its rivals. Many of them clearly fear that this success may now be put at risk through the change at the top.

Dr Herbert Culmann, the outgoing executive chairman, who will be 61 next month, personified the company to an unusual degree. He has been connected with flying almost since he left school. He was a wartime Luftwaffe pilot and was in at the start of the reborn Lufthansa (the company was originally formed in 1926) in the early 1950s.

Since 1972, Lufthansa has grown under his chairmanship to an airline with about 100 aircraft. It carries nearly 14m passengers annually, and had a total income of more than DM 6bn last financial year. Net profit totalled only DM 5.6m in 1980, but that was a year when losses of International Air Transport Association (IATA) members amounted to more than DM 6bn.

It is little wonder that Dr Culmann became known as "Mister Lufthansa." Although about 75 per cent of the share capital is in the hands of the Federal Government, he insisted on running the airline as though it were a private, competitive enterprise.

It is against this background that Herr Ruhnau has emerged. A state secretary at the Bonn transport ministry for seven years, he is also a former Hamburg senator (state government minister) for interior affairs, a member both of the IG-Metall metalworkers' trade union and of the ruling Social Democrat Party (SDP). His critics at Lufthansa note that he has no experience of airlines and say the Culmann legacy of managerial independence and competitiveness will be squandered. They also consider it poor timing that a civil servant should be appointed to



Dr Herbert Culmann the retiring chief executive of Lufthansa

run Lufthansa just as a manager from the private sector — Dr Rainer Gohlke of IBM—is being brought in to try to sort out the loss-making Deutsche Bundesbahn (the federal railways).

At least part of the criticism seems exaggerated. Very few people, of whatever party, dispute that Herr Ruhnau has been a model of managerial efficiency in Bonn—hard-working and loyal though not quite making it to federal ministerial office. Some of those who have seen him in action complain of a brusque and sometimes authoritarian style. Yet Dr Culmann himself has been anything but indulgent on discipline. Whatever else happens at Lufthansa under Herr Ruhnau, it is stressed that there will be no "featherbedding" from the state.

That said, much of what has happened over the last few months is likely to leave a bad taste. Repeated press reports emerged without clear foundation that Dr Culmann wanted to retire "on health grounds" — although his contract formally ran until 1984 and he appeared to have recovered well from an accident in the mid-1970s. Dr Culmann kept his own counsel and last Friday publicly wished Herr Ruhnau well as his successor.

At the same time a new wave of press reports has appeared about an affair several years ago, in which Lufthansa is said to have paid unusually high commissions to a travel agency to generate extra business. This would naturally reflect on Dr Culmann, although the supervisory board is said to have known of the transactions.

Further, the very intensity of the protests within the airline has soured the atmosphere. And the Transport Ministry managed to make a difficult situation still worse by suggesting that those at Lufthansa complaining about their new boss simply wanted to retain a "comfortable work style." Whatever else Herr Ruhnau can expect in coming months, it will hardly be "a smooth flight in the first place."

Malaysia Textile to buy Johore plantation group

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA Textile Industries, the restructured textile property group, has announced the purchase of a plantation company for 80m ringgit ($35m) from a prominent Indonesian Chinese family.

Under the deal, MTI will acquire Agaliem Sdn. Berhad from the Liem family through a cash and share offer. Agliem owns three estates in South Eastern Johore, covering 12,113 acres of oil palm, rubber, cocoa, and coconuts. There is also a 20-tonne per hour palm oil mill in one of the estates.

The price works out at some 6,600 ringgit per acre, the going price for estates around Johore.

MTI said it will issue 17.77m shares of one ringgit each valued at 2.25 ringgit to the Liem family as the first payment of 40m ringgit. It will then make two cash payments of 20m ringgit 12 months and 18 after the first payment.

The estates are expected to bring in pre-tax profits of some 9.4m ringgit for the first year, and would improve MTI's earnings per share from 5.6 cents to 22.7 cents by June 1983. Net tangible assets of the enlarged MTI would increase from 1.19 ringgit to 1.44 ringgit per share.

Until 18 months ago, MTI was a textile company controlled by Hong Kong businessmen, who sold off their stakes to Tan Sri Kamarul Afriffin, the chairman of Bank Bumiputra and Associates.

After the change of ownership MTI branched off actively into property development and is now moving into the plantations sphere.

Profits rise at Sembawang Shipyard

By George Lee in Singapore

SEMBAWANG SHIPYARD, the major Singapore shiprepairing group, has reported a 20 per cent increase in group trading profit for 1981 to S$105.1m (U.S.$51m). Net profit was 23 per cent higher at S$64.2m after tax up by 16 per cent to S$40.9m.

A final gross dividend of 20 per cent has been recommended for an unchanged total of 30 per cent for the year.

The company also announced a one-for-two scrip issue to raise its existing issued capital from S$100m to S$150m.

Sembawang Shipyard is majority owned by the Singapore Government. It has two dry docks with a combined capacity of 500,000 dwt and four floating docks with a total capacity of 340,000 dwt.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar firm

The dollar was sharply firmer in currency markets yesterday in reaction to an unexpected rise in U.S. money supply figures. Euro-dollar rates were up to a full point firmer and limited central bank intervention by various European countries appeared to have little effect on the dollar's rise.

Sterling was weaker overall. It was mostly steady against European currencies but fell against the dollar to its lowest level since late October, despite a slight rise in domestic interest rates.

The Irish punt fell within the European Monetary System yesterday to be placed only above the Belgian franc, the weakest member. The Dutch guilder remained the strongest currency ahead of the French franc.

DOLLAR — Trade weighted index (Bank of England) 110.5 against 109.3 on Friday and 111.5 six months ago. Three month Treasury bills 13.56 per cent (15.56 per cent six months ago). Annual inflation 8.9 per cent (9.6 per cent previous month)—The dollar rose to DM 2.3370 against the D-mark from DM 2.3065, its best level since late September, and SwFr 1.8675 compared with SwFr 1.8525. It was also higher against the yen, closing at Y229.25, its highest level since early November and well up from Friday's close of Y227. One month Euro-dollars rose to 15 per cent from 14 per cent and three month to 15⅝ per cent from 14¾ per cent.

STERLING — Trade weighed index 90.7 against 90.7 at noon, 90.9 in the morning and 90.9 at Friday's close. Three month interbank 14¾ per cent (14¾ per cent six months ago). Annual inflation 12 per cent (unchanged from previous month)—Sterling opened at $1.8650 against the dollar and started to ease almost immediately. By noon it had slipped to $1.8550 after a fairly active morning. However it showed little change until mid afternoon when it fell to a low of $1.8480. It recovered to close at $1.8540-1.8550, still a fall of 1.85c from Friday's close in London and its lowest closing level for nearly three months. Against the D-mark it rose to DM 4.3350 from DM 4.3250 but fell in terms of the Swiss franc to SwFr 3.4650 from SwFr 3.4725.

D-MARK—EMS member (third weakest). Trade weighted index 121.2 against 122.0 on Friday and 116.6 six months ago. Three-month interbank 10.25 per cent (13 per cent six months ago). Annual inflation 6.3 per cent (6.6 per cent previous month)—The D-mark was slightly weaker overall within the EMS yesterday and fell sharply against the dollar on higher Euro-dollar rates coupled with an unexpected rise in U.S. money supply. The dollar was fixed at DM 2.3355 up from DM 2.3020 on Friday and there was no intervention at the fixing by the Bundesbank. The authorities had probably given a small amount of help to the D-mark in early trading but this failed to have any effect as the market reacted to sharply higher Euro-dollar rates. Elsewhere sterling rose to DM 4.3330 from DM 4.3060 and the Swiss franc to DM 1.2520 from DM 1.2463. Within the EMS, the French franc dipped to DM 39.27 per FFr 100 from DM 39.31.

JAPANESE YEN — Trade weighted index 141.2 from 141.7 on Friday and 138.6 six months ago. Three month bills 6.59375 per cent (7.46875 per cent six months ago). Annual inflation 3.6 per cent (4.1 per cent previous month)—The yen was weaker with trading restricted by the closure of Singapore and Hong Kong. The dollar closed at Y228.65, well up from Friday's figure of Y226.1 but down from a day's high of Y229.35.

THE POUND SPOT AND FORWARD

[illegible]

Belgian rate is for convertible francs. Financial franc 82.20-82.30. Six-month forward dollar 1.35-1.45c dis. 12-month 2.15-2.35c dis.

THE DOLLAR SPOT AND FORWARD

[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	40.7572	41.5090	+1.84	+0.91	±1.5368
Danish Krone ...	7.91117	7.99747	+1.09	+0.16	±1.6412
German D-Mark	2.40989	2.44460	+1.44	+0.51	±1.1077
French Franc ...	6.17443	6.22544	+0.83	−0.10	±1.3733
Dutch Guilder ...	2.66382	2.67622	+0.54	−0.39	±1.5063
Irish Punt	0.684452	0.694934	+1.53	+0.60	±1.6688
Italian Lira	1300.67	1309.25	+0.66	+0.47	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for January 25 .... 0.563960

CURRENCY MOVEMENTS

[illegible]

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

[illegible]

OTHER CURRENCIES

[illegible]

Hong Kong Dollar	10.82¾-10.89	5.85-5.88	Italy	2310-2395
Iran Rial	149.50*	80.10*	Japan	424-429
Kuwait Dinar (KD)	0.524-0.530	0.2844-0.2846	Netherlands	4.71½-4.75½
Luxembourg Fr.	73.60-73.70	39.70-39.72	Norway	10.92-11.02
Malaysia Dollar	4.1875-4.1975	2.2630-2.2680	Portugal	124½-133
New Zealand Dlr.	2.3075-2.3095	1.2430-1.2440	Spain	182¾-192¼
Saudi Arab. Riyal	6.31-6.37	3.4195-3.4225	Sweden	10.50-10.60
Singapore Dollar	3.8275-3.8375	2.0680-2.0730	Switzerland	3.44½-3.48½
Sth. African Rand	1.8070-1.8090	0.9745-0.9755	United States	1.84½-1.86½
U.A.E. Dirham	6.78-6.84	3.6715-3.6735	Yugoslavia	92-97

† Now one rate. * Selling rate.

EXCHANGE CROSS RATES

Jan. 25	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Frank
Pound Sterling	1.	1.855	4.335	425.5	11.015	3.465	4.745	2321.	2.222	75.65
U.S. Dollar	0.539	1.	2.338	229.4	5.940	1.868	2.559	1252.	1.198	39.71
Deutschemark	0.231	0.428	1.	98.15	2.541	0.799	1.095	535.4	0.512	16.99
Japanese Yen 1,000	2.350	4.358	10.19	1000.	25.89	8.143	11.15	5455.	5.221	173.1
French Franc 10	0.908	1.684	3.936	386.3	10.	3.146	4.308	2107.	2.017	66.86
Swiss Franc	0.289	0.535	1.251	122.8	3.179	1.	1.369	669.8	0.641	21.26
Dutch Guilder	0.211	0.391	0.914	89.67	2.321	0.730	1.	489.1	0.468	15.52
Italian Lira 1,000	0.431	0.799	1.868	183.3	4.746	1.493	2.044	1000.	0.957	31.73
Canadian Dollar	0.450	0.835	1.951	191.5	4.958	1.560	2.136	1045.	1.	33.15
Belgian Franc 100	1.358	2.518	5.886	577.7	14.96	4.705	6.443	3151.	3.015	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 25)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 5/8	offer 15 3/4	bid 15 15/16	offer 16 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 25	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	[illegible]	[illegible]	[illegible]	[illegible]	4-4¼	9⅝-10⅛	15-15¼	17-19	13-16	5⅝-5¾
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	16⅛-17	9⅝-10⅛	15-15¼	19½-21½	14½-17½	6⅛-6¼
Month	14⅝-14¾	14⅞-15⅛	14¾-15⅛	10⅛-10¼	8⅝-8¾	10⅛-10¼	15-15¼	20⅝-21⅝	16¼-17¾	6¼-6⅜
Three months	14⅝-14¾	15¾-16	15⅛-15½	10¼-10⅜	9-9⅛	10⅛-10⅜	15½-15¾	22½-23½	19¼-20¼	6⅝-6¾
Six months	14⅝-14¾	15⅞-16⅛	15⅞-16¼	10⅜-10½	9⅛-9¼	10⅛-10⅜	16⅜-16⅝	23⅛-23¾	19¼-20¼	6⅞-6⅞
One Year	14¾-14⅞	15⅞-16⅛	16-16⅜	10½-10⅝	8⅛-8¼	10⅛-10⅜	17-17½	23¼-24	18½-19½	6⅞-7

SDR linked deposits: one month 12¹¹⁄₁₆-13¹⁄₁₆ per cent; three months 13¹⁄₁₆-13⁵⁄₁₆ per cent; six months 13⁷⁄₁₆-13¹¹⁄₁₆ per cent; one year 13⁹⁄₁₆-13¹³⁄₁₆ per cent.
ECU linked deposits: one month 13⁷⁄₁₆-13¹¹⁄₁₆ per cent; three months 13¹³⁄₁₆-14¹⁄₁₆ per cent; six months 14¹⁄₁₆-14⁵⁄₁₆ per cent; one year 14¹⁄₈-14½ per cent.
Asian $ (closing rates in Singapore); one-month — per cent; three months — per cent; six months — per cent; one year — per cent.
Long-term Eurodollar two years 16-16¼ per cent; three years 16-16¼ per cent; four years 16⅛-16⅜ per cent; five years 16⅛-16⅜ per cent nominal closing rates.
The following rates were quoted for London dollar certificates of deposit: one month 14.80-14.90 per cent; three months 15.35-15.45 per cent; six months 15.70-15.80 per cent; one year 15.80-15.90 per cent.

MONEY MARKETS

Nervous trading

London clearing bank base lending rates 14 per cent (since January 25)

Short-term interest rates were slightly firmer in London yesterday, although the level of seven-day funds was held down by late intervention to help the money market through the discount houses by the Bank of England. Market sources suggested that this was responsible in pushing down week money to around 14⅜ per cent at the close from 14½-14⅝ per cent earlier in the day, and also in reducing overnight funds to 5 per cent at the finish from a peak of 15 per cent.

Total assistance provided by the authorities through published bill purchases was £252m, on an indicated shortage of around £350m, but this was all confined to bands 1 and 2, indicating doubts about future trends following the surprising rise in U.S. money supply figures last week.

Nervousness about U.S. rates, reflected in the reluctance of the *authorities to buy longer dated* bills, was also borne out by the very flat yield curve from one to 12 months, which were all quoted at 14½-14⅝ per cent.

The early morning forecast was for a shortage of about £150m, but this was amended to £200m at noon and to £350m in the afternoon. Major factors were expected to be: bills maturing in official hands and a net take-up of Treasury bills −£390m, *offset by Exchequer* transactions +£200m, and a fall in the note circulation of +£115m.

In the morning the Bank of England bought £3m bank bills in band 1 (up to 14 days maturity) at 13⅞ per cent, and £249m bank bills in band 2 (15-35 days) at 13⅞ per cent. Additional help was given in the afternoon by purchases of £30m bank bills in band 2 at 13⅞ per cent.

In New York the authorities acted to add reserves to the banking system by way of three-day repurchase agreements when Federal funds were at 14⅞ per cent.

...In Paris call money rose to 15¼ per cent from 15 per cent, and period rates firmed by about ⅛-³⁄₁₆ per cent.

In Frankfurt call money rose to 10 per cent from 9⅞ per cent. One-month funds increased to *10.40* per cent from 10.30 per cent, and three-month to 10.30 per cent from 10.25 per cent.

In Amsterdam the overnight rate was unchanged at 9¾ per cent, but period rates were about ⅛ per cent higher.

In Tokyo unconditional call money rose to 6¾ per cent from 6⅝ per cent following the issue of a large amount of bank bills in the domestic market. Expectations of an improving liquidity position should lead to a fall to 6½ per cent in the call rate during the rest of the week, but this will depend on the position of the yen against the strengthening dollar.

MONEY RATES

NEW YORK

Prime rate	15¾
Fed. funds	15-15¼
Treasury bills (13-week)	13.56
Treasury bills (26-week)	13.76

GERMANY

Special Lombard	10.00
Overnight rate	10.00
One month	10.40
Three months	10.30
Six months	10.30

FRANCE

Intervention rate	14.75
Overnight rate	15.25
One month	15.1875
Three months	15.1875
Six months	16.1875

JAPAN

Discount rate	5.50
Call (unconditional)	6.65625
Bill discount (three-month)	6.59375

GOLD

Weaker trend

Gold lost £3 an ounce from Friday's close in the London bullion market yesterday to close at $371½-372½. It opened at $373-374 but fell to a low of $370-371 on higher U.S. interest rates and dollar strength. However it recovered to $372.0 at the afternoon fixing.

In *Paris* the 12½ kilo bar was fixed at FFr 70,300 per kilo ($367.48 per ounce) in the afternoon compared with FFr 70,500 ($370.63) in the morning and FFr 70,000 ($371.69) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 28,080 per kilo ($375.01 per ounce) against DM 28,135 ($380.02) previously and closed at $371-372 against $377-378.

In Luxembourg the dollar per ounce equivalent of the fixing level was $371.75 from $377.50 on Friday.

In Zurich gold finished at $370-373 from $376-379.

	Jan. 25		Jan. 22	
Gold Bullion (fine ounce)				
Close	$371½-372½	(£200¼-200¾)	$374½-375½	(£200½-201)
Opening	$373-374	(£200-200½)	$376½-377½	(£200½-201)
Morning fixing	$373.50	(£201.077)	$377.75	(£201.714)
Afternoon fixing	$372	(£200.896)	$377.25	(£201.232)
Gold Coins				
Krugerrand	$384½-385½	(£207¼-207¾)	$386-387	(£206¼-206¾)
1/2 Krugerrand	$197½-198½	(£106½-107)	$199-200	(£106¼-106¾)
1/4 Krugerrand	$100½-101½	(£54¼-54¾)	$101½-102½	(£54¼-54¾)
1/10 Krugerrand	$41-42	(£22-22½)	$41½-42½	(£22¼-22¾)
Mapleleaf	$385½-386½	(£207¾-208¼)	$387-388	(£206¾-207¼)
New Sovereigns	$91¾-92¼	(£49¼-49¾)	$92¼-92¾	(£49¼-49¾)
King Sovereigns	$105-106	(£56½-57)	$105½-106½	(£56⅜-56⅞)
Victoria Sovs.	$105-106	(£56½-57)	$105½-106½	(£56⅜-56⅞)
French 20s	$89-99	(£48-53¼)	$90-100	(£48-53½)
50 pesos Mexico	$461-465	(£248½-250¾)	$464-468	(£248-250)
100 Cor. Austria	$363-366	(£195¾-197¼)	$365-368	(£195-196¾)
$20 Eagles	$497-502	(£268-270½)	$500-505	(£267¼-270)

LONDON MONEY RATES

Jan. 25 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-15	14⅜-14⅛	—	—	14⅜-14⅝	13⅞-14	—	—	—
2 days notice	—	—	14½-14⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅜-15¾	14½-14⅝	—	—	14¾-14⅞	13⅞-14	—	—	—
One month	14⅝-14¼	14½-14¾	14½-14⅝	15⅜-15	14¾	14⅞	13¾-13⅞	13⅞-13⅞	14-14⅛	14¾
Two months	14⅝-14¼	14½-14¾	—	15⅜-15	14¾	14⅞	13¾-13⅞	13¾-14	13⅞-14	14⅝
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four months trade bills 14½ per cent.

Approximate selling rate for one month Treasury bills [illegible] per cent; two months [illegible] per cent; three months [illegible] per cent. Approximate selling rate for one month bank bills [illegible] per cent; two months [illegible] per cent and three months [illegible] per cent; one month trade bills [illegible] per cent; two months [illegible] per cent; three months [illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) [illegible] per cent from January 1, 1982. Clearing Bank Deposit Rates for sums at seven days' notice [illegible] per cent. Clearing Bank Base Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.5108 per cent.

Early Wall St fall of 7.5

A SHARP retreat took place on *Wall Street in fairly* heavy early dealings yesterday as investors reacted to projections of higher U.S. interest rates inspired by an unexpected further rise in the money supply, reported late last Friday.

The Dow Jones Industrial Average fell 7.51 to 837.52 at 1 pm, while the NYSE All Common Index weakened 63 cents to $66.15 *and declines* exceeded 1,000. Turnover came to 30.65m shares, against Friday's 1 pm figure of 32.68m.

Analysts attributed the slide almost entirely to the $700m increase in the M-1 measure of the money *supply for the week* ended January 13 and an upward revision in the prior week's figure to $10.4bn from $9.8bn.

M-1 growth is currently more than $10bn above its target level for the year, and Monte Gordon *of Dreyfus Corporation said the* Federal Reserve will almost certainly tighten monetary policy as a result.

Also weighing on the market was uncertainty about the contents of President Reagan's state *of the union message, to be* delivered tonight. Mr Gordon added that investors are concerned that Mr Reagan will not offer any solutions to the large Federal Budget deficits.

Prices were down across the board, with Oil, Technology, Aerospace and Chemical stocks particularly weak.

***Hughes Tool** was the volume* leader, off $¾ to $31⅞ despite reporting higher earnings. A trade journal reported that growth in U.S. oil drilling will slow to 12 per cent this year from 20 per cent in 1981.

Shaklee dropped $6½ to $14¾ after opening late. Last week, a newspaper report alleged that Shaklee marketed alfalfa tablets that were treated with a toxic chemical. The company said the process in which the chemical was used was safe.

THE AMERICAN SE Market Value *Index was down 4.13* at 281.78 at 1pm. Volume 3.22m shares.

Canada

Stocks continued to weaken over a broad front in a fair *turnover. The* Toronto Composite Index lost 22.3 at 1,718.5 at noon, while Oil and Gas fell 77.6 to 2,964.6 and Golds 28.1 to 2,353.3.

John Fairlie, research manager for Midland Doherty, said investors were concerned about inflation, high interest rates and Government deficits.

Tokyo

After sharp rises both on Friday and in Saturday's half-day session, the market closed firmer-inclined yesterday after a fair turnover with selective strong gains.

The Nikkei-Dow Jones Average, which followed an advance of 86 points on Friday with a fresh rise of 63.04 on Saturday, was 19.86 higher at 7,906.26, a five-month high and compared with the record 8,019.14 set on August 17 last year.

The Tokyo SE index, up 4.52 on Saturday, was *0.43* firmer at 582.87. Trading volume totalled 400m shares, but was below Friday's 520m and followed 340m traded in the half-day Saturday session.

Prices were softer in the morning, due in part to the yen's downdrift and also in part in reaction to last week's upsurge. Some started gaining strength later, however, encouraged by news that **Toyota Motor** and **Toyota Motor Sales** intend to merge on July 1. *Other Motor* shares advanced on reports that the Saudi Arabian Monetary *Authority (SAMA) has signed* an agreement to buy yen-denominated Convertible Bonds issued by **Honda Motor.**

Toyota Motor climbed Y60 to Y1,070. **Toyota Motor Sales** Y15 to Y795, **Honda Motor** Y35 to Y864 and **Nissan Motor** Y18 to Y866.

Natural Resources, Textiles, Housings, Chemicals, Non-ferrous Metals, Shippings, manufacturers of new Ceramic Materials and Precision Instruments were higher, but some Blue Chips turned easier, including some high-priced Light Electricals.

Germany

Selective foreign buying late in the session, prompted by hopes of future currency gains, helped share prices to recover from a weak start to close mixed with a higher bias on balance.

Among Motors, Daimler ended DM 2.90 firmer at DM 289.20 after *opening lower,* but **BMW** lost DM 1 at DM 192.50.

In Banks Deutsche fell DM 1.80 to DM 272.20, but Dresdner, benefiting from reports that Poland will soon pay off 1981 interest, rose DM 1 to DM 133.80.

Mannesmann finished a net DM 1 down at DM 146 after opening at DM 144, while elsewhere in Engineerings, MAN receded DM 2.80 to DM 192 but **KHD** gained DM 1 to DM 185.50. Metallgesellschaft ended DM 1 up at DM 255 *after falling as low as DM 248,* while Preussag, after the chairman forecast a 20 per cent rise in 1981 profits, put on DM 0.90 to DM 201.80.

In low turnover on the Domestic Bond market, Public Authority Loans sustained losses reaching 45 pfennigs. The Bundesbank bought DM 7.7m of paper after selling DM 14m last Friday. Uncertainty over the trend of U.S. interest rates following Friday's U.S. money supply figures outweighed any optimism lingering from last week's special Lombard Rate cut, dealers commented. Mark Eurobonds were little changed in light trading.

Paris

Profit-taking after last week's widespread advance on heavy volume left most share prices easier yesterday following quiet dealings. The Indicateur de Tendance index, which recorded a week's rise of 6.0, relinquished 1.5 at 110.7.

Traders said the Bank of France's decision to raise the Call Money rate to 15¼ per cent yesterday morning from 15 per cent had helped to dampen sentiment, especially in view of the decline in German and British interest rates.

Declines outnumbered advances by a ratio of two-to-one in the French section, but Banks, *Portfolios and Metals* mainly closed higher. The selling was most evident among Constructions, Hotels, Engineering, Oils and Textiles.

Australia

Markets recorded mixed and mostly small movements, with some leading Resources issues again firming after recent weakness.

Overall market leader **BHP** improved 6 cents to A$9.10, while *in the Minings sector,* **Peko-Wallsend** picked up 6 cents to A$5.40, **Western Mining** 15 cents to A$3.85 and **North Broken Hill** 3 cents to A$2.53.

Among Oil and Gas shares, **Vamgas** firmed 20 cents to *A$10.10, Claremont 5 cents to* A$1.38 and **Crusader Oil** 10 cents to A$5.70.

Banks softened, ANZ shedding 3cents to A$4.12.

Johannesburg

Gold shares tended to ease in quiet trading, with the modestly lower bullion price deterring buyers in the absence of any bullish factors.

Randfontein declined R5 to R62, **Driefontein** 60 cents to R27.10 and **Lorraine** 12 cents to R2.98, but **FT Geduld** improved 50 cents to R39.50.

Greatermans fell R2 to R10.50 in quietly mixed Industrials, reflecting disappointing interim results.

Markets in Hong Kong are closed for the first three days *of this week for the Chinese* New Year holiday. The Singapore Exchange is also closed *for this period due to the* Lunar New Year holiday.

Closing prices for North America were *not available* for this edition.

JAPAN (continued) Jan. 25	Price Yen	+ or —
Kubota	340	
Kumgai	370	+4
Kyoto Ceramic	3,860	+40
Lion	399	+10
Maeda Cons	531	+1
Makita	871	−14

BELGIUM (continued) Jan. 25	Price Frs.	+ or —
Petrofina	4,350	−35
Royale Belge	4,420	−30
Soc. Gen. Banq	2,250	+20
Soc. Gen. Beige	1,198	+12
Sofina	3,200	−60

CANADA Stock	Jan. 22	Jan. 21
AMCA Intl	21¼	21½
Abitibi	20¼	21½
Agnico Eagle	6	6
Alcan Alumin	22¾	23¼
Algoma Steel	42¾	42½

Indices

NEW YORK — DOW JONES

NEW YORK ACTIVE STOCKS

(**) Sat Jan 23: Japan Dow 7,886.40 TSE (582.44).

Inchcape's Latin American strategy

By Hugh O'Shaughnessy, Latin America Correspondent

INCHCAPE, the London-based international trading company which has up to now been better known for its activities throughout Asia, is making a bold bid to establish itself as a power in Latin America.

The last annual report showed that no more than 3 per cent of turnover or £45m was generated in the Western Hemisphere and 5 per cent of pre-tax profit or £3.59m came from there. Unofficial forecasts suggest that by the end of the decade perhaps a fifth of the group's business and profits will be accounted for by Latin America alone.

Inchcape's strategy emerged last April when it took the remains of the old Liverpool-based empire of Balfour Williamson off Lloyds Bank International (LBI) and thereby acquired a ready made base of operations in Colombia, Ecuador, Peru and Chile.

It acquired, too, last year the services of Mr Colin Armstrong, a man with long banking experience in Latin America who had indeed negotiated the sale of the ex-Balfour Williamson assets to Inchcape on behalf of LBI. If all goes well Inchcape's new acquisitions could forge ahead secure in the knowledge that they had the managerial and financial backing from Britain that they seemed to have lacked in the recent past.

Balfour Williamson itself was founded in the heyday of Liverpool's prosperity in 1851 and built itself up as a trader and banker on the Pacific coast of South America. In 1960 it was bought for the Bank of London and South America (BOLSA) by the late Sir George Bolton who had gone there from Threadneedle Street with a brief to create a strong new unit out of a bank which had appeared to have lost its way. In the event BOLSA never did find its way and was absorbed by Lloyds which made it the basis for the new Lloyds Bank International. The clutch of trading companies limped on embarrassed and unloved by a management which did not share Sir George's vision of their potential. There were some efforts to get rid of them. They were indeed offered to Inchcape a decade ago at a bargain basement price but Inchcape, reading the news from Chile and the Allende government, was in no mood then to venture into Latin America.

Inchcape too was in process of expanding eastwards with acquisitions in South-East Asia and Japan. In 1975 LBI managed to sell off the core of Balfour Williamson but retained the trading companies for another six years until Inchcape finally bought them last year in a £11.8m share deal.

Lord Inchcape

Bob Hutchison

They are a mixed bag of traders including:

- Tracey in Colombia, wholesaling and retailing hardware and vehicles;
- Quito Motors, a Ford franchise holder in the Ecuadorean capital;
- Anglo-Ecuatoriana specialising in insurance and shipping agencies and vehicle assembly and distribution;
- Milne in Peru, also in vehicles and shipping agencies;
- and a bunch of companies in Chile which market products ranging from fire extinguishers to abrasives.

They went to join an Inchcape Latin American holding which already included a warehouse and forwarding operation in Panama, a general trading and oil industry servicing company in Brazil and an insurance agency in Mexico.

Inchcape now says that morale is recovering fast in a group of companies which have passed from being an unwanted appendage to a big bank to being a key component of an ambitious international trading company. Managers have been sent off from South America to visit other parts of the Inchcape empire to see what products and ideas they can pick up and what they can offer from their own companies.

Colin Armstrong is keen that the South American companies where possible should play a part as foreign traders in assisting Government development plans by, for instance, finding new export markets for South American goods and not just limiting themselves to importing their traditional wares. Inchcape has said it is attracted to the idea of trading across the Pacific Basin and—though some of the shine has come off what was a very trendy concept a decade ago—there is clearly an advantage to the group as a whole to have its companies corresponding between Pacific South America and Japan and Malaysia.

Armstrong also sees the possibility of a rebirth of interest in and a return to favour by trading companies among British manufacturers. He argues that in the immediate post-war years successive British Governments did not look kindly on what were seen as relics of empire and British manufacturers still do not use them as they might.

Immediate expansion plans under way for Inchcape in Latin America include a boost to Market Managers, the Panamanian company which has space in the overcrowded but highly successful Colón Free Zone. Market Managers is taking space on the new France Field site which is being added to the existing site and from there hopes to persuade British and other suppliers to use it as an entrepot in Panama for goods destined to Latin American customers.

In Brazil the group is planning to put to use the expertise in servicing the oil industry that its subsidiaries in the Gulf have acquired. In Mexico, where the group maintains only an insurance agency, it has won a contract for the improvement of the country's clogged and inadequate ports, again using expertise it amassed in the Middle East.

Mr Armstrong is conscious that many British companies have written off Latin American markets as a result of bad experience in one or other country of the region. He points however to the consistently positive results of a number of major companies including BAT, Unilever, Shell and J & P Coats which are established in a number of countries of the region and which can offset a bad year in one place with good results elsewhere in Latin America.

BASE LENDING RATES

A.B.N. Bank	14 %	Grindlays Bank	‡14 %
Allied Irish Bank	14 %	■ Guinness Mahon	14 %
American Express Bk.	14½%	■ Hambros Bank	14 %
Amro Bank	14 %	Heritable & Gen. Trust	14 %
Henry Ansbacher	14 %	■ Hill Samuel	§14½%
Arbuthnot Latham	14 %	C. Hoare & Co.	†14 %
Associates Cap. Corp.	15 %	Hongkong & Shanghai	14 %
Banco de Bilbao	14 %	Knowsley & Co. Ltd.	15 %
BCCI	14½%	Lloyds Bank	14½%
Bank Hapoalim BM	14 %	Mallinhall Limited	14 %
Bank Leumi (UK) plc	14½%	Edward Manson & Co.	15½%
Bank of Cyprus	14 %	Midland Bank	14 %
Bank Street Sec. Ltd.	16 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14½%	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14½%	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½%	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14½%
Beneficial Trust Ltd.	15 %	Roxburghe Guarantee	15 %
Bremar Holdings Ltd.	15 %	E. S. Schwab	14 %
Bristol & West Invest.	15 %	Slavenburg's Bank	14½%
Brit. Bank of Mid. East	14 %	Standard Chartered	‖14 %
■ Brown Shipley	15 %	Trade Dev. Bank	14 %
Canada Perm't Trust	15 %	Trustee Savings Bank	14 %
Cavendish G'ty T'st Ltd.	15½%	TCB Ltd.	14 %
Cayzer Ltd.	14½%	United Bank of Kuwait	14 %
Cedar Holdings	15 %	Whiteaway Laidlaw	14½%
■ Charterhouse Japhet	15 %	Williams & Glyn's	14 %
Choulartons	15 %	Wintrust Secs. Ltd.	14 %
Citibank Savings	¶15 %	Yorkshire Bank	14 %
Clydesdale Bank	14 %		
C. E. Coates	14½%		
Consolidated Credits	14½%		
Co-operative Bank	*14 %		
Corinthian Secs.	14 %		
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E.T. Trust	14½%		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		
Robert Fraser	15 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.50%, 1-month 11.75%. Short term £8,000/12 month 14.10%.
† 7-day deposits on sums of:—under £10,000 11½%, £10,000 up to £50,000 12¼%, £50,000 and over 12¾%.
‡ Call deposits £1,000 and over 11½%.
§ Demand deposits 12½%.
‖ 21-day deposits over £1,000 13%.
¶ Mortgage base rate.

Soviet timber cheaper

By Our Own Correspondent

EXPORTLES, THE Soviet selling organisation for forest products, in a decisive move to recover its normal share of the UK softwood market, has issued its first schedule of prices for 1982.

The basic prices in the schedule show appreciable reductions on the last offer in May 1981, and both the basic prices and the detail of the schedule are keenly competitive with current Swedish, Finnish and Canadian quotations. Indeed these and other supplying countries will have to put any thoughts of price increases which they may have been cherishing to the back of their minds.

For the past two years the Russian share of the UK softwood market has dropped four to five points below their usual 20 per cent share by volume. In today's depressed markets the Russian sellers have realised that a decisive gesture was needed to tempt importers into the market—hence the keen prices.

A fall clause which protects importers from any reduction in prices in any subsequent schedule is included as an inducement, and there is the usual currency provision.

The nominal amount in the schedule is around 360,000 cubic metres, but it is acknowledged that Exportles would like to sell just over 1m cubic metres to the UK this year, which is likely to be about 20 per cent of the expected import.

Guyana bauxite production down

GEORGETOWN, Guyana — Guyana's 1981 bauxite production was around 30 per cent below target, according to official figures in the bauxite industry publication "Guymine News."

Production of calcined bauxite was 514,000 tonnes, 30 per cent below planned levels as was the case with metal grade bauxite with an output of 640,000 tonnes, and alumina, with 170,000 tonnes produced against a target of 240,000 tonnes.

● The signing of the agreement under which Jamaica will provide bauxite for the U.S. strategic stockpile has been delayed by one or two weeks, the Federal Emergency Management Agency (FEMA) said at the weekend.
Reuter

Production cuts boost zinc

BY JOHN EDWARDS, COMMODITIES EDITOR

ZINC PRICES moved up again on the London Metal Exchange yesterday, following reports that several large producers were cutting output still further in an attempt to bring supply closer into line with demand.

Cash zinc closed £6.75 up at £443 a tonne, £20 higher than a week ago in spite of moves by two West German smelters last week to cut their official European producer selling price by $75 to $875 a tonne. Other producers, however, have failed to follow suit. Instead Cominco of Canada and Asarco in the U.S. announced output cuts because of a shortage of concentrate supplies.

However latest figures issued by the European Zinc Institute suggested by rising production during December in Europe, plus sluggish demand, had pushed up closing stocks of primary zinc held by smelters to 156,100 tonnes at end-1981 compared with 142,900 at end-November and 143,100 tonnes a year ago. Further talks are also due to go ahead today seeking a settlement of the seven-month-old strike at Tara Mines in Ireland.

Zinc stocks held in LME warehouses dropped last week by 2,275 tonnes reducing total holdings to 68,550 tonnes. Copper stocks declined by 2,150 to 125,675 tonnes and nickel by 246 to 2,094 tonnes.

In contrast lead stocks jumped by 4,350 to 59,275 tonnes, but since the rise was in line with market expectations it had little impact and the cash price closed £9 up at £352.5 a tonne.

Aluminium stocks also rose by 3,075 to 67,475 tonnes, and LME silver holdings increased by 60,000 to 32,850,000 ounces.

Tin stocks increased by 2,075 to 16,385 tonnes. The cash price eased marginally, but the market was nervous following rumours that the London Metal Exchange authorities were still considering whether or not to intervene in the market in view of the impending squeeze on supplies threatened for February, especially in the latter half of the month. There is strong pressure for some action to be taken, but some traders claim it is mainly coming from those who have failed to cover "short" (sale) positions.

Hong Kong exchange shows rapid growth

BY MICHELLE MISQUITTA IN HONG KONG

THE HONG KONG Commodity Exchange reported a healthy 160 per cent increase in trading last year and hopes to see more than a million lots traded this year. The most popular market last year was soyabeans, but the fastest-growing one in sugar.

A total of 610,896 contracts were traded in 1981 compared with 229,755 in the previous year. Of the four markets traded, soyabeans reached 442,708 lots, sugar traded 119,534 contracts, gold futures totalled 32,740 and cotton futures reached 15,914.

Trading in sugar futures has picked up only recently. There was a record turnover of 3,946 contracts on January 8 this year. The spurt in the sugar trading could push turnover this month to 55,000 contracts compared with only 26,000 in January last year.

Kevin Rafferty writes: Hong Kong has taken a small step foward towards the creation of a financial futures market with the first meeting last week of the working party charged with the task of laying the groundwork for such a market.

But it is possible that the British colony may find it is overtaken by Singapore which is understood also to be planning to introduce financial futures and may even have a timetable set next month. Most analysts do not think there will be room for successful futures markets in each of the two Asian city-states

The Hong Kong working party comprises representatives from a wide group including the General Chamber of Commerce, the Hong Kong Commodity Exchange, Seacom Holdings (the promoters of the exchange), the International Commodities Clearing House, the banks and the deposit taking companies.

Britons eat more UK butter

By Richard Mooney

THE UK moved closer to self sufficiency in milk and dairy products last year in spite of cuts in the number of dairy farmers and the number of dairy cows, according to the 1981 edition of "Dairy Facts and Figures," published by the Milk Marketing Board.

The number of producers continued its steady decline, reaching 53,525 in 1981 compared with 56,247 the previous year and 151,625 back in 1960. The number of dairy cows also fell, to 3,213,000 from 3,224,000 in 1980 and compared with the 1973 peak of 3,436,000.

But at the same time the annual yield per cow reached 4,810 litres, in 1980/81 up from 4,720 litres in 1979/80 and way ahead of the 3,520 litres recorded in 1964/65.

The net result, according to provisional figures recently published by the MMB, was a 1 per cent fall to 12,652m litres in total 1981 milk production. But this was more than compensated by a further 1.8 per cent decline in liquid milk consumption to 6,260.4m litres, allowing increases in production of butter and cheese. Over half the butter and nearly three-quarters of the cheese consumed in the UK last year was produced domestically, the MMB said.

Poor crop news boosts sugar

By Our Commodities Staff

NEWS OF a poor Soviet sugar beet crop encouraged a rise in world sugar values yesterday. The London daily price for raw sugar was fixed £7 higher at £174 a tonne.

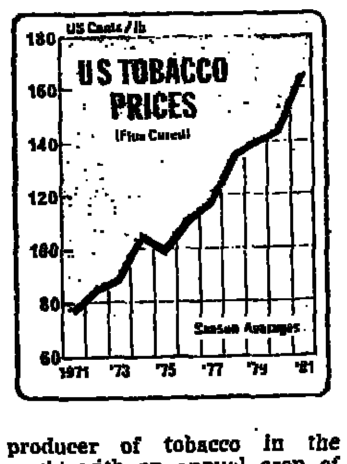
Official statistics issued in Moscow at the weekend put the 1981 crop of beet, from which sugar is extracted, at 60.6m tonnes, down from 79.6m in 1980. Coming on top of persistent but unconfirmed rumours last week that the Russians had been buying sugar on the world market this encouraged speculative buying. Such a low crop will make further world market buying by the USSR virtually inevitable.

London traders said yesterday's price rise was also encouraged by the weakness of sterling against the dollar.

MARKET P ROFILE: TOBACCO

No tears for world trade

BY ROY HODSON



THE TOBACCO barons in Britain are acting like worried men. They are "speaking up for smokers" in the words of an expensive advertising campaign which they are financing in the Press.

The trade body for the industry, the Tobacco Advisory Council, is managing the campaign which is prompted by a fall of more than 10 per cent in cigarette smoking across the nation since the last tax hike in 1981. The idea of paying £1 for 20 Woodbines has finally changed the habits of many former smokers.

Tears shed for the tobacco business would be misplaced, however. The international groups that now share between them a large slice of the British market are enjoying boom business almost everywhere else in the world where tobacco taxes are less swingeing.

The cigarette companies and the tobacco growers are benefiting from steadily increasing demand. Tobacco consumption is now rising worldwide at more than 2 per cent a year. Thus there is a healthy market for tobacco to match the expanded acreages which have been given over to tobacco crops, particularly in some of the developing countries during the last few years.

As the 1982 crops are sold the producing nations will be looking for price increases. Some are determined to increase their tobacco earnings this year by between 15 per cent and 25 per cent.

China is the biggest single producer of tobacco in the world with an annual crop of around 1m tonnes. However as China smokes her own and imports tobacco as well her impact upon the world tobacco trade is small. The dominant producer is the U.S. with her apparently limitless capacity to grow first-class cigarette tobacco for domestic needs and exports.

The U.S. crop topped 900,000 tones last year—an increase of 14 per cent upon the previous year. U.S. tobacco is providing one-third of the world's international trade and has the valuable under-pinning of a vigorous home market. Americans are still enthusiastic smokers and cigarette sales there rose by about 1 per cent.

The Commonwealth Secretariat recently reported that stocks of unsold tobacco held in developing countries have significantly reduced in recent years. Most countries in the tobacco exporting business did better last season and during the current growing season they are looking forward to further increases in business.

Flue-cured tobacco (where oil, wood or coal is used as a heat source to aid the curing process) is sold as the Virginian-type tobacco and accounts for about half the total market. Air-cured (or burley) is naturally cured tobacco and caters for a smaller, but nonetheless important, market. Tastes in tobacco for cigarettes are changing. For instance, the French tobacco monopoly is now trying to grow flue-cured tobacco in France and is importing some as consumers in France swing towards the Virginian cigarette.

The rising cost of fuel for the production of flue-cured tobacco has helped the steady increase in tobacco prices during the past ten years. From the point of view of the handful of international tobacco companies, however, the most important development in the trade is the narrowing of price differentials between the top-class tobaccos grown in America (regarded as unbeatable in the trade) and the tobaccos produced by many other countries.

Ten years ago good Canadian and Korean tobaccos were traded at about 80 per cent of the price of U.S. tobaccos. Brazilian, Indian and Pakistani tobaccos made only between 40 per cent and 50 per cent of the U.S. prices. By the end of last season the price differentials had narrowed significantly. Most tobaccos were priced at around 70 per cent of the U.S. price.

The tobacco companies are now reacting against paying near-U.S. prices for tobaccos they consider much inferior to the U.S. product.

The coming tobacco buying season will be marked by a stern fight between the big buyers (who are anxious to restore the differential between U.S. quality tobacco and the other growths) and the developing nations who are looking for higher prices to offset their rising fuel and labour costs.

The tobacco companies believe they are in a strong position. A leading leaf buyer said: "The tobaccos from the developing countries are just not as good as the U.S. tobaccos. If the price difference disappears we will simply buy more U.S. tobacco—and the U.S. is capable of providing all the quality tobacco the world needs for its cigarettes."

Tobacco prices were given a tremendous fillip by the success of the Zimbabwe auctions last year. Prices doubled and some of the crop was more expensive than U.S. tobacco. Other developing countries have been much encouraged by the Zimbabwe high prices. Brazil is looking for price increases of up to 25 per cent for the 1982 crop. Other producers are almost as optimistic.

The tobacco companies are expected to try to hold the line at increases of less than 15 per cent for "cheap" tobacco from the developing countries and 8 per cent for U.S. and Canadian

Tomato industry hard pressed

BY OUR GUERNSEY CORRESPONDENT

THE EFFORTS last year of Guernsey's tomato producers to make economies, increase yields and improve quality were "of little avail set against the many adversities encountered," says the island's tomato marketing board in its annual report this month.

Local growers, says the board, faced escalating production costs, crippling interest rates, depressed demand with low price levels, the worst spring and early summer weather conditions of the century, and the heaviest-ever Dutch competition on the UK market due in no small measure to the strength of sterling.

The island's attempts to develop a French market also received a setback and less than a third of the quantity shipped in 1979 was sold there last year.

As a result, in spite of generally improved crop yields, the earnings of local tomato growers dropped from £19.8m in 1980 to £16.2m last year and many made "a very modest or nil profit on their investment and labours for the third consecutive season," says the report.

The £1m price support aid made available by Guernsey's government to tomato growers over the February-June period was used up and was not sufficient to meet claims fully in the final month.

While it is hoped that increases in production costs will be less onerous in the immediate future, the board thinks that the viability of the island's tomato industry is likely to "hinge completely on efficient use of resources and improved productivity."

The report adds, "Most producers will have made significant savings already, and many have achieved yields previously believed unattainable. All growers should strive to take those processes further."

Russia buys NZ mutton

THE SOVIET Union has bought 25,000 tonnes of New Zealand mutton valued at NZ$30m. The sale comes at a crucial time for the NZ meat industry because of pressure on storage facilities for new season's lamb. The sale will ease pressure and also ensure a good return for mutton, although the price is not exciting.

Since late last year the NZ Meat Board has been buying all mutton production because it considered the price offered by exporters to be too low. Overseas demand was depressed and buying by Japan, NZ's other main mutton market, has been practically non-existent.

BRITISH COMMODITY MARKETS

LEAD AND ZINC ADVANCED on the London Metal Exchange with the latter boosted by news of production cuts by Asarco, Cominco and Preussag: three months zinc touched a day's high of £453 before closing at £450.5. Lead rose to close at £363, reflecting good demand prompted by currency considerations, while copper held around £879. Tin closed at £8,030; the Penang market was closed for the Chinese New Year holiday. Aluminium was finally £624.75 and nickel £3,130: both moved up as sterling lost ground against the dollar.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGr de				
Cash	848-.5	—7.5	849-.5	—1.25
3 mths	875-.5	—6.5	877.5-8	+.75
Settlem't	848.5	—7.5	—	......
Cathodes				
Cash	845.5-6	—8.25	847-8	—2.25
3 months	873-.5	—5.25	874-5	+1
Settlem't	846	—9	—	......
S. Prod	—	......	*78.5-80	......

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £848; three months £876, 75.5, 75, 76, 75.5. Standard: Cathodes: Cash £846; three months £874. Kerb: Higher Grade: Three months £875.5, 75, 75.5. Afternoon: Higher Grade: Cash £849: three months £876, 75.5, 75, 76, 76.5, 77, 78. Kerb: Higher Grade: Three months £878, 78, 79.5, 80, 79.5, 79. Turnover: 15,275 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	358.5-3	+5.5	352-3	+9
3 months	361.75-2.25	+6	362-3	+9
Settlem't	353	+5.5	—	......
U.S. Spot	—	......	*28-34	......

Lead—Morning: Cash £355, 54.5, 52; three months £360, 61, 61.5, 62, 63, 64, 65, 64 62, 63, 64, 65, 64, 63. Kerb: Three months £362, 61. Afternoon: Three months £360, 61, 62, 62.5. Kerb: Three months £362, 62.5, 63. Turnover: 17,775 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8700-20	+27.5	8660-80	—17.5
3 months	8050-5	+67.5	8020-30	—10
Settlem't	8720	+35	—	......
Standard				
Cash	8700-20	+27.5	8660-80	—17.5
3 months	8060-2	+57.5	8020-5	—12.5
Settlem't	8720	+35	—	......
Straits E.	‡$34.50	......	—	......
New York	—	......	—	

Tin—Morning: Standard: Cash £8,700, 8,690, 95, 8700, 8,710; early-Feb £8,730; three months £8,060, 50. Kerb: Standard: Cash £8,700; three months £8,040, 50, 35, 40, 35. Afternoon: Standard: Three months £8,030, 20, 8,000, 15, 20, 10, 20, 30, 25. Kerb: Standard: Three months £8,020, 25, 30. Turnover: 6,895 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	446-.5	+13	443-.5	+6.7
3 months	451.5-2	+15.7	449.5-50	+9
S'ment	446.5	+13	—	—
Primw'ts	—	—	*42-50	—5

Zinc—Morning: Cash £448, 46; three months £449, 50, 51, 52, 53, 52.5, 52. Kerb: Three months £450, 50.5. Afternoon: Three months £451, 50, 49.5, 50, 51, 51.5, 52, 51, 50.5, 50, 49.5. Kerb: Three months £450, 49, 48.5, 49, 50, 50.5, 50. Turnover: 12,325 tonnes.

Aluminium—Morning: Three months £619, 18.5. Kerb: Three months £618, 18.5. Afternoon: Cash £598; three months £619, 19.5, 20, 21, 22. Kerb: Three months £623, 24, 24.5, 25. Turnover: 5,875 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	594-5	+3.5	598-9	—1.5
3 months	618-.5	+3.5	621-2	—1.25

Nickel—Morning: Cash £3,105; three months £3,150, 40. Afternoon: Three months £3,145, 3,140, 35. Kerb: Three months £3,135, 30. Turnover: 492 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3100-5	+15	3080-100	+17.5
3 months	3140-5	+38	3130-5	+30

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 6.05p an ounce lower for spot delivery in the London bullion market yesterday at 417p. U.S. cent equivalents of the fixing levels were: spot 772.8c, down 18.7c; three-month 802c, down 16.4c; six-month 834c, down 14.7c; and 12-month 890.5c, down 16.5c. The metal opened at 414-418p (773-778c) and closed at 416-420p (773-778c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	417.00p	—6.05	418.5p	—2.25
3 months	431.50p	—5.55	433.5p	—1.4
6 months	446.70p	—4.75	—	......
12months	474.20p	—6.25	—	......

LME—Turnover: 63 (77) lots of 10,000 ounces. Morning: Cash 416.5; three months £431.5, 31, 31.5, 30.8. Kerb: Three months 431. Afternoon: Three months £433.5, 33, 32, 32.5. Kerb: Three months 433.5, 34.

COCOA

Futures opened lower as due against the previous New York close and thereafter traded quietly within a narrow range. Actuals business was quiet with both producer and consumers awaiting developments from the current ICCO talks, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	1202-03	—18	1209-196
May	1180-81	—18	1188-79
July	1191-92	—16	1198-87
Sept	1202-03	—14	1207
Dec	1213-14	—11	1217-10
March	1223-26	—11	1226
May	1228-36	—10.5	—

Sales: 1,887 (1,191) lots of 10 tonnes.

ICCO—Daily price fob Jan 25: 97.11 (99.40). Indicator price for Jan 25: 99.64 (100.08). U.S. cents per pound.

COFFEE

Mixed buying during a steady opening returned prices nearly to the recent highs, reports Drexel Burnham Lambert. Dealer selling prompted a gradual decline and lack of fresh physical activity and the early failure to follow a firm New York saw prices under pressure before gains were restored.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Jan	1143-47	+12.0	1145-34
March	1157-58	+10.0	1158-49
May	1127-28	+9.5	1128-17
July	1113-14	+7.0	1115-04
Sept	1105-08	+5.5	1110-98
Nov	1095-02	+2.5	1101
January	1090-95	+1.5	—

Sales: 2,751 (3,400) lots of 5 tonnes.

ICO indicator prices for January 22 (U.S. cents per pound): Comp daily 1979 123.41 (123.24); 15-day average 123.89 (123.93).

GAS OIL FUTURES

New contract lows were again made on the near months as prices continued to weaken in good volume after opening on the highs. A stronger New York market fuelled a rally towards the close, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
January	290.00	—9.00	298.00
February	296.50	—2.25	298.25-94.00
March	292.50	—1.50	293.75-88.50
April	286.50	—0.50	287.50-84.75
May	285.75	......	286.00-83.50
June	285.00	—0.50	285.00-83.25
July	285.00	—0.25	—
August	288.00	—2.00	—
Sept	291.50	—3.50	—

Turnover: 2,205 (2,023) lots of 100 tonnes.

GRAINS

The market opened unchanged on all positions and then drifted on lack of interest, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterd'ys close	+ or —
Mar	112.05	—0.10	108.45	—
May	115.80	—0.10	111.70	—0.10
July	118.95	—0.05	—	—
Sep	107.10	+0.05	102.80	+0.10
Nov	110.80	+0.10	106.60	+0.05

Business done—Wheat: March 112.10-112.00, May 116.00-115.80, July no trades, Sept 107.15-107.10, Nov no trades. Sales: 80 lots of 100 tonnes. Barley: March 108.50-108.35, May 111.85-111.70, Sept 102.80-102.75, Nov 106.60 only. Sales: 80 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Feb 120.75, March 121.50 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent Feb 10-March 10 117.75 transhipment East Coast sellers. English Feed fob Jan 112.50, Feb 115, March 116.50 East Coast sellers. Maize: French Feb 134.50 transhipment East Coast sellers. S. African Yellow March 76.50 quoted. Barley: English Feed fob Feb 112.25 Bristol Channel, April-June 116.25 East Coast sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 104.00, E. Mids 107.70, Scotland 107.00. The UK Monetary coefficient for the week beginning Monday, February 1 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened about unchanged, attracted little interest throughout the day and closed slightly easier. Lewis and Peat recorded a February fob price for No. 1 RS in Kuala Lumpur of — (209.0) cents a kg and SMR 20 — (183.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Feb	50.80-51.00	51.20-51.50	51.30-51.10
Mar	52.00-52.70	52.10-52.50	—
Apl-Jne	55.80-54.10	54.20-54.50	54.70-53.90
Jly-Sept	56.90-57.00	57.70-58.60	57.90-56.90
Oct-Dec	59.10-59.20	60.50-60.60	61.00-60.10
Jan Mar	63.30-63.50	63.70-63.80	64.00-63.80
Apl-Jne	66.50-66.60	66.60-66.70	—
Jly-Sept	69.40-69.50	69.60-69.70	69.50
Oct-Dec	72.30-72.40	72.70-72.80	72.90-72.40

Sales: 235 (510) lots of 15 tonnes, 2 (16) lots of 5 tonnes.

Physical closing prices (buyers) were spot 50.00p (same); March 51.50p (same); April 52.00p.

WOOL FUTURES

BRADFORD—With business only fair the easing in sterling against the dollar has been the main factor strengthening to market. Top making orders are fairly good, and activity is also good, but traders are finding difficulty in selling at prices related to current costs

SYDNEY GREASY WOOL—Close (in order, buyer, seller, business). Australian cents per kg. March 499.5, 500.0, 501.0-597.0; May 508.5, 509.0, 509.0-507.0; July 516.0, 516.5, 516.5-516.0; Oct 512.0, 513.0, 513.0-12.0; Dec 517.0, 518.0, 518.0-516.0; March 521.5, 522.0, 522.0-521.0; May 27.9, 528.0, 528.5-526.0; July 531.0, 534.0, untraded. Sales: 160.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg: Jan seller 274, nil; March 269, 269, 268; May 376, 379, 381-378; Aug 389, 391, 391-390; Oct 390, 393, 392-391; Dec 396, 399, 398-397; Jan 398, 402, nil; March 408, 411, nil; May 413, 421, nil. Sales: 23.

SOYABEAN MEAL

The market opened around £1 lower on weaker sterling, reports T. G. Roddick. Prices drifted in conditions which were lacklustre except for late commission house selling.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
February	154.00-58.0	+0.15	137.00-38.50
April	152.80-53.0	-1.55	135.20-55.00
June	152.00-52.5	-0.20	153.50-53.20
August	152.30-32.5	-0.55	153.80-52.50
October	155.50-55.5	-0.10	155.50
Dec	154.50-58.0	-0.25	—
Feb	158.00	......	—

Sales: 228 (128) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £174.00 (£167.00) a tonne cif Jan-Feb-March shipment. White sugar daily price £180.00 (£178.00).

The announcement by the USSR that sugar beetroots harvested in 1981 fell to 60.6m tonnes compared with 79.6m in 1980 lifted opening prices by about £2, reports C. Czarnikow. Short-covering continued at higher levels but found only scattered offerings scale-up which caused further gains.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
March	179.50-79.45	177.60-77.70	180.50-75.25
May	180.30-80.90	179.55-79.60	182.25-77.75
Aug	185.95-84.00	182.40-82.50	185.00-80.75
Oct	187.25-87.50	185.50-85.60	187.75-86.50
Jan	188.40-89.00	185.50-87.00	—
March	195.50-95.75	191.25-91.50	195.50-90.50
May	194.50-98.00	192.00-95.00	—

Sales: 4,524 (5,624) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £285.00 (£277.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Jan 22: Daily price 13.13 (12.72); 15-day average 12.71 (same).

COTTON

LIVERPOOL — Spot and shipments sales amounted to 41 tonnes. Relatively few transactions were recorded, and the offtake was light. Mixed dealings took place in various American type growths, with African and Russian predominating.

JUTE

JUTE—C and f Dundee BWC £289, BWD £239, BTB £333, BTC £291, BTD £247: Antwerp c and f BWC £295, BWD £245, BTB £339, BTC £297, BTD £253: Dundee Feb 40-in 10 oz £10.24 40 in 7½ oz £7.98; B Twills £29.80.

TEA AUCTION

LONDON TEA AUCTION—26,477 packages were on offer at yesterday's auction. Demand continued very strong. Assams and Africans again met with keen competition and prices were generally 2-4p dearer, with the emphasis on brighter types. Better liquoring Ceylons advanced by 2-4p, while plainer descriptions were fully firm to dearer. Quotations: Quality 124p a kg (120p a kg), medium 114p a kg (112p a kg), plain no quotation (no quotation).

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 25 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1100/1150	......	$1125/1165
Copper			
Cash h grade	£849.25	—1.25	£885
3 mths	£877.75	+0.75	£891.25
Cash Cathode	£848	—2.25	£886.5
3 mths	£875	+1	£885.5
Gold troy oz	$372	—3	$401.5
Lead Cash	£352.5	+9	£365
3 mths	£362.5	+9	£378.5
Nickel	£3737.75	......	£3578.69
Free mkt	260/295c	......	250/90c
Platin'mtr'y oz	£260	......	£260
Freemkt	£193.10	......	£205.50
Quicksilvert	$395/405	......	$412/418
Silver troy oz	417.00p	—6.05	438.35p
3 mths	431.50p	—5.55	454.55p
Tin Cash	£8670	—17.5	£8352.5
3 mths	£8022.5	—12.5	£8077.5
Tungsten22.0lb	$125.60	......	$134.48
Wolfrm 22.04lbs	$128/132	+1	$120/125
Zinc Cash	£443.25	+6.75	£470.5
3 mths	£449.75	+9	£476.75
Producers	$875/950	......	$920/50
Oils			
Coconut (Phil)	$550w	......	$645
Groundnut	$715y	+10	‡
Linseed Crude	‡	......	‡
Palm Malayan	$507.5x	......	$462.5
Seeds			
Copra Philip	$350	......	$345
Soyabean(U.S.)	$267.75z	—0.25	$252.5
Grains			
Barley Fut. May	£111.70	......	£107.85
Maize	£134.50	......	£132.5
Wheat Fut. May	£115.80	—0.10	£112.50
No2 HardWint	£117.75w	+0.25	‡
Other commodities			
Cocoa ship't*	£1253	—16	£1,195
Future May	£1180.5	—18	£1144.5
Coffee Ft' Mar	£1157.5	+10	£1154.5
Cotton A.Index	70.10c	—0.5	67.45c
Gas Oil Feb.	$296.5	—2.25	$328.5
Rubber (kilo)	50p	......	49p
Sugar (Raw)	174yx	+7	£176
Woolt'ps 64s kl.	379p kilo	+4	380p kilo

‡ Unquoted. w Feb-March. x March. z Feb. y Jan-Feb. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

POTATOES

LONDON POTATO FUTURES—The market was easier on profit taking but buying interest developed at the lower levels, reports Coley and Harper. Closing prices: Feb 103.50, +0.50 (high 105.00, low 103.00); April 130.80, —1.70 (high 134.00, low 129.30); Nov 69.90, +0.50 (high 69.90, low 69.50). Turnover: 708 (974) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD: No meat prices were quoted yesterday owing to insufficient supplies caused by an industrial dispute.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 101.74p per kg lw (—1.79); UK—Sheep 195.61p per kg est dcw (+0.46); GB—Pigs 78.00p per kg lw (—2.09).

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navels/Navelinas 42/130 4.50-5.00; Cyprus: Navels 3.00-3.50; Jaffa: Navels 60/105 4.00-4.35, Shamouti 60/144 4.90-5.60; Moroccan: Navels 56/113 5.00-4.40. Sevilles—Spania: 7.50. Clementines—Spania: 4.50-5.00; Moroccan: 1/6 3.80-5.00. Satsumas—Spania, 3.80-4.00. Lemons—Cyprus: 3.20-5.50; Greek: 5.00-6.00; Turkish: 4.00-5.00; Spania: 40/50 2.40-2.50; Italian: 80/120 5.50. Grapefruit—U.S.: Pink 32/48 5.50-7.00; Cyprus: Large cartons 3.00-4.00, small cartons 2.80-3.40; Jaffa: 36/88 3.50-4.90. Ugli Fruit—Jamaican: 14/27 7.00-9.50. Apples—French: New crop, Golden Delicious 20 lb 3.00-3.60, 40 lb 5.00-7.80, Starkcrimson 40 lb 6.50-7.50, 20 lb 3.40-3.80, Granny Smith 7.50-8.50; Canadian: Red Delicious 9.00-10.00; U.S.: Red Delicious 8.00-13.00. Hungarian: Starking 5.50-7.00. Pears—Dutch: Comice 14 lb per pound 0.26; Italian: Per pound Passacrassana 0.15. Peaches—S. African: 2.70-3.50. Nectarines—Chilean: 6.00. Plums—S. African: Santa Rosa 6.00, Kelsey 0.50; Apricots—S. African: 11 lb, per pound 0.30-0.50. Grapes—Spanish: Almeria 17 lb 2.00-3.40, Negra 4.00-4.80. English Produce: Potatoes—Per 55 lb, white 2.80-3.00, red 2.80-3.00, King Edwards 2.80-4.00. Mushrooms—Per pound, open 0.30-0.40, closed 0.55-0.70. Apples—Per pound, Bramley 0.18-0.26, Cox's 0.20-0.32, Spartan's 0.20-0.25. Pears—Per pound, Conference 0.14-0.20, Comice 0.18-0.25. Cabbages—Per 30 lb 1.50-2.00. Celery—Per 3.00. Lettuce—Per 12, round 1.00-1.80. Onions—Per 55 lb 40/80mm 2.00-3.00. Carrots—Per 28 lb 1.50-2.00. Beetroots—Per 28 lb, round 1.20-1.50, long 1.50-2.00. Swedes—Per net 1.40-1.50. Sprouts—Per 20 lb 1.00-2.80. Spring Greens—Per 35-40 lb Cornish 7.00-8.00, Kent 30 lb 3.00-3.50. Rhubarb—Per 14 lb, per pound 0.28. Leeks—Per 10 lb 1.50-1.80. Parsnips—Per 28 lb 2.00-3.00. Turnips—Per 28 lb 2.00-3.00.

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.50-£4.00, codlings £2.60-£3.00; large haddock £4.00-£4.80, medium £2.70-£3.80, small £1.70-£2.20; best small plaice £2.80-£3.80; large skinned dogfish £10.00-£11.00, medium £5.00-£9.50; catfish £1.80-£2.60; large lemon soles £15.00, medium £13.00.

AMERICAN MARKETS

NEW YORK, January 25.

PRECIOUS METALS fluctuated with financial instruments which continued to indicate an imminent rise in interest rate, putting more pressure on gold and rallying silver on the close. Heating oil prices rallied on forecasts of cold weather, on technical grounds and in anticipation of President Reagan imposing a tax on crude oil. Copper prices were fractionally lower on reports of further cutbacks in mine production which prevented major erosion. The livestock complex sold off across the board as traders anticipated a weakening in product prices once the weather shows improvement. Grains, cotton and soyabeans eroded further on negative interest rate outlook, reported Heinold.

Copper—Jan 70.35 (70.55), Feb 70.45 (70.65), March 71.40-71.50, May 73.40-73.45, July 75.25, Sept 77.25, Dec 80.10, Jan 80.80, March 82.70, May 84.55, July 86.40, Sept 88.25.

*Gold—Jan 375.2 (378.0), Feb 375.0-376.0 (378.5), March 379.1, April 382.2-383.5, June 392.0-392.5, Aug 401.0, Oct 410.4, Dec 421.5, Feb 430.1, April 440.4, June 450.7, Aug 461.0, Oct 471.3.

Potatoes (round whites)—Feb 81.0 (79.0), March 82.7 (82.3), April 87.2-87.6, Nov 78.0-78.7. Sales: 441.

¶Silver—Jan 785.2 (783.7), Feb 787.0 (796.0), March 791.5-796.0, May 812.0, July 834.2, Sept 854.2, Dec 884.2, Jan 894.2, March 914.2, May 934.2, July 954.2, Sept 974.2. Handy and Harman bullion spot: 780.50 (789.00).

Sugar—No. 11: March 13.60-13.68 (13.59), May 13.71-13.72 (13.68), July 13.90-13.91, Sept 14.13, Oct 14.30, Jan 14.00-14.60, March 14.85-14.87, May 14.92-15.00. Sales: 6,325.

Tin—710.00-740.00 (710.00-742.00).

CHICAGO, January 25

Live Cattle—Feb 61.90-62.00 (62.00), April 60.07-60.00 (60.72), June 59.60-59.40, Aug 58.35-58.20, Oct 56.80, Dec 58.00.

Live Hogs—Feb 49.20-59.00 (59.57), April 46.60-50.50 (57.10), June 49.35-49.50, July 50.12-50.30, Aug 49.45-49.80, Oct 47.50, Dec 48.45, Feb 49.30.

††Maize—March 270¾-271 (272½), May 280¾-280½ (282¼), July 286-285¾, Sept 288-289¼, Dec 291¾-292, March 304½-304¾.

Pork Bellies—Feb 67.15-67.05 (68.10), March 67.90-67.65 (68.45), May 69.00-69.20, July 69.70-69.60, Aug 68.90-69.00.

†Soyabeans—March 640-639½ (643¼), May 652½ (656¼), July 666-665½, Aug 69, Sept 670-669½, Nov 676-675½, Jan 690, March 704½.

¶Soyabean Meal—March 188.5-188.2 (190.0), May 190.3-190.5 (192.9), July 193.5-193.3, Aug 194.3, Sept 195.0-195.5, Oct 196.0-196.5, Dec 198.0-198.5, Jan 199.5-199.0.

Soyabean Oil—March 19.76-19.80 (19.59), May 20.41-20.40 (20.26), July 21.03-20.99, Aug 21.20-21.25, Sept 21.35-21.40, Oct 21.54-21.55, Dec 21.95, Jan 21.90-22.00, March 22.00-22.05.

†Wheat—March 373¾-373 (378¾), May 385-384½ (389½), July 391-391¼, Sept 402½-402, Dec 419-418¾, March 433.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. †† Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, January 25

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent mid-Jan/mid-Feb 200. U.S. No Two Red Winter mid-Jan-mid-Feb 167, Feb 167, March 170. U.S. No. Three Amber Durum Feb 208, April/May 192, May, June and July 193, Aug 196, Sept 197, Oct and Nov 199. U.S. No. Two Northern Spring 14 per cent Feb 206, March 207, April-May 186, June 188, July 187, Aug 188, Sept 188. Canadian Western Red Spring Jan 230, April/May 215.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow spot 138, afloat 134, Jan 131, Feb 129, March 128.50, April/June 130, July/Sept 133, Oct/Dec 134 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Jan 260, Feb 261.65, March 262, April 262.50, May 264.50, June 266, July 268, Aug 268.50, Sept 269, Oct/Nov 268.50, Dec 272.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 249-250-250.50, traded afloat 250-251, Jan 248, Feb 244, March 242, April 238.50, April/Sept 237, Nov/March 247, sellers. Brazil Pellets Jan 259, Feb 258, March 254.50, April/Sept 246 sellers.

PARIS, January 25.

Cocoa—(FFr per 100 kg): March 1294-1295, May 1295-1298, July 1303-1325, Sept 1323-1340, Dec 1345-1346, March 1350-1360, May 1355-1365. Sales at call: 13.

Sugar—(FFr per tonne): March 2020-2021, May 2066-2069, July 2075-2090, Aug 2105-2120, Oct 2123-2140, Nov 2123-2140, Dec 2140-2160, March 2180-2200. Sales at call: 27.

INDICES

FINANCIAL TIMES

Jan. 22	Jan. 21	Month ago	Year ago
248.59	250.20	—	252.08

(Base: July 1, 1952=100).

MOODY'S

Jan. 22	Jan. 21	Month ago	Year ago
1007.3	1005.9	975.5	1188.6

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan 22	Jan. 21	Month ago	Year ago
Spot	127.07	126.86	—	—
Futr's	132.88	133.31	—	—

(Base: December 31, 1974=100)

REUTERS

Jan. 25	Jan. 22	M'nth ago	Year ago
1628.3	1621.1	—	1679.2

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Interest rate optimism shaken by U.S. developments
Gilts and equities react sharply but end above worst

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 11	Feb 12	Feb 22
Feb 15	Feb 25	Feb 26	Mar 8

* "New time" dealings may take place from 9.30 am two business days earlier.

Weekend events in the U.S. shook recent optimism about European interest rate trends and London stock markets weakened sharply yesterday after last week's upsurge. Friday's late news of a surprise further rise in U.S. money growth, expected to exert fresh upward pressures on rates there, reversed the recent decline in money market rates here and also caused a setback in sterling and other Continental currencies.

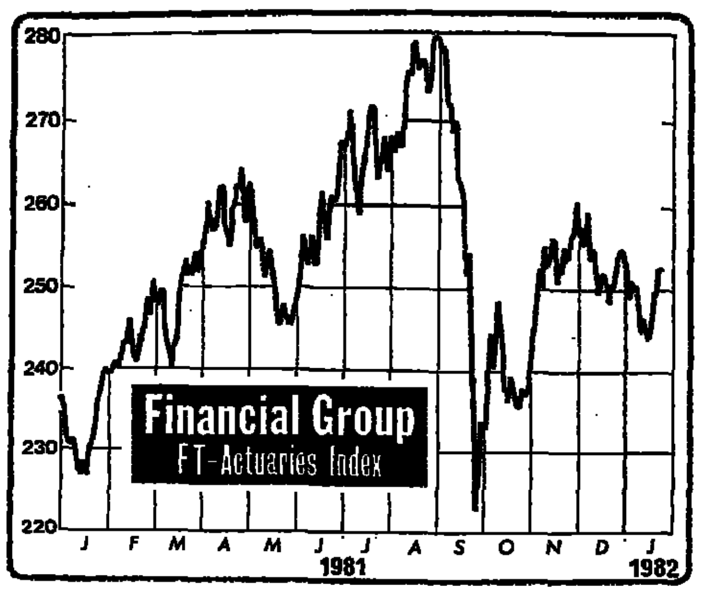
Government securities came under pressure from many sources. Domestic and overseas *operators hastened to realise* profits gained through last week's strength but, more significantly, American sources were said to be selling, sometimes in sizeable amounts. Attempted *recovery movements faded* quickly and the tone was looking thoroughly depressed towards the close with the good UK December trade returns, announced at 3.30 pm, having no apparent influence.

A surprisingly resilient U.S. bond market early yesterday, however, encouraged some return of confidence during London's after-hours' trade and longer-dated Gilts eventually moved off the day's lowest. After showing losses ranging to 1⅜ from Friday's enhanced late levels, the longs were finally no more than a point down. The shorts, on the other hand, were less resistant and closed at the day's lowest with falls extending to 1⅜. Exchequer 12¼ per cent 1985 weakened that much to 90, and the FT Government Securities index, at 63.52, gave up 0.63 of last week's advance of 1.78.

The start of a new, three-week, trading Account for equities was inevitably nervous as interest dried up pending Wall Street's reaction to the weekend developments. Light selling found markets extremely unreceptive and values fell continuously until the late afternoon when New York began easier, but not as weakly as some had expected. Leading shares then began to edge away from the worst and the FT Industrial Ordinary share index closed 9.5 down at 557.7 after having been 11.4 off at 2.00 pm.

Alexanders good

An otherwise subdued session was enlivened by the shares and cash bid for Huntley and Palmer from Rowntree Mackintosh; Allied Lyons, the group which has recently built up a stake of slightly less than 5 per cent in H and P through market purchases, was the rumoured favourite to make the move. Rank Organisation rose sharply after-hours in response to the preliminary statement and the absence of the much-rumoured rights issue.



Deals arranged in Traded options amounted to 2,571—2,077 calls and 494 puts. Over half of the call business was transacted in Imperial, which attracted 1,173 trades of which 738 were struck in the February 60's. Racal and GEC recorded 165 and 124 calls respectively.

Reflecting the better-than-expected preliminary figures, Alexanders Discount rose 18 to 253p, after 255p. Others in the sector firmed in sympathy and Union, annual figures due tomorrow, advanced 20 to 420p. Gillett Bros. added 8 at 185p and Cater Allen 5 to 295p. The major clearing banks, which had responded favourably to Friday's base lending rate reductions with double-figure gains, reacted yesterday on profit-taking and lack of fresh support. NatWest fell 13 to 402p and Barclays 12 to 450p. Midland gave up 10 to 350p and *Lloyds 5 to 445p*. Elsewhere, Grindlays lost 6 to 196p following cautious comment, while Royal Bank of Scotland declined 4 to 126p.

Pittard jump

Leading Buildings turned easier, Blue Circle, 528p, and Tarmac, 414p, shedding 8 apiece. Secondary issues displayed a mixed appearance. Streeters of Godalming improved a penny to 25p and Marshalls (Halifax) put on 4 to 90p, but recently-firm Wiggins Group softened 3 to 54p. Tilbury Contracting attracted support and rose 8 to a 1981-82 peak of 313p, while demand in a thin market lifted Arncliffe 2 to 39p.

Business in leading Chemicals contracted and ICI slipped to 326p before closing a net 6 down at 330p. Elsewhere, Croda International added 2 to 76p and the Deferred a penny to 51p following the company's latest *defence statement rejecting* the bid from Burmah Oil, a penny off at 109p.

Leading Stores traded quietly and generally without distinction. British Home, 135p, and W. H. Smith, 173p, gave up 3 apiece, but Gussies "A" continued to attract support and added 2 more to 485p, after 487p. Burton held at 140p awaiting today's annual meeting; the Warrants, the subject of a Press *recommendation touched* 60p before settling for a net gain of 2 at 58p. Waring and Gillow remained in demand and firmed 4 more to 122p. Among Shoes, Press comment fuelled renewed speculative support for Pittard, which jumped 16 to 60p.

Resisting the surrounding malaise, secondary Electricals provided a few firm features. Still reflecting bid speculation, Ferranti added 10 to 675p, while Lec Refrigeration rose a similar amount to 205p on revived demand in a thin market. Down 100 last week on disappointment with the interim statement, Louis Newmark rallied 32 to 253p xd. Cray Electronic put on 5 to 108p. The leaders closed with small falls after a quiet trade.

Occasional offerings and lack of fresh support took the Engineering leaders to lower levels. Vickers, a particularly good market last week, gave up 5 to 168p, while GKN closed similarly lower at 175p and Hawker 8 down at 322p. Secondary issues were no worse than mixed. Chemring firmed 7 more to 295p in a thin market, while Hunslet (Holdings), also a difficult market, advanced 20 to 360p. W. G. Allen, still reflecting the half-year loss, eased 4 more to 42p. Firm spots included Ash and Lacy, 8 to the good at 265p, *and Midland Industries*, 5 dearer at 63p. Meggitt Holdings, in contrast, eased 1¼ to 15¼p on the annual loss and passing of the dividend.

Huntley and Palmer, up 16 late on Friday on speculative demand, touched 114p before closing a net 3 up at 111p following the bid from Rowntree Mackintosh, 12 down at 154p. Allied-Lyons, widely tipped as a counter bidder for H. and P., shed 3 to 69p. Elsewhere in the Food sector, revived speculative interest lifted Ranks Hovis McDougall 3½ to 69p, but nervous selling in front of tomorrow's interim results clipped 6 from Associated Dairies, 146p. Cautious Press comment left Tate and Lyle 4 cheaper at 214p, after 212p, while Unigate slipped to 108p before settling 2 cheaper on balance at 109p. *Elsewhere*, Argyll added 2 to 102p on the acquisition of the Pricerite chain of supermarkets from BAT's, while demand in front of today's interim results lifted Somportex 10 to 130p.

Rank Org. pleases

Standing a couple of pence harder in front of the preliminary statement, Rank Organisation jumped to 196p before closing a net 16 up at 190p on the better-than-expected annual profits and relief in the *absence of the much-rumoured* rights issue; A. Kershaw, a subsidiary of Rank, rose 13 to 273p in sympathy. Other miscellaneous industrial leaders fell quite sharply following an early *mark-down and ensuing bear* closing. Additionally aggravated by adverse comment on the future of the European glass industry, Pilkington eased to 275p before finishing 13 down on the day at 280p. Recently firm on buying ahead of the third-quarter results, due next Tuesday, Reed International gave up 10 to 264p.

William Baird added 8 to 193p in response to Press comment and J. Bibby rose 10 to 325p following revived speculative demand. On further consideration of the 85p per share cash counterbid from Heron Corporation, Associated Communications "A" hardened a couple of pence more to 80p, after 81p. Auctioneers Sothebys and Christies International fell 25 to 320p and 8 to 118p respectively.

Geers Gross, a firm market early last week following the United Rum Merchants advertising contract, reacted on profit-taking and fell 10 to 108p. *Nervousness about interest* rate trends prompted a certain amount of profit-taking in recently firm Properties, Land Securities easing 4 to 305p and MEPC shedding 7 to 216p with the new nil paid shares 6 off at 30p premium. Against the trend, Espley-Tyas added 1½ to 84p xd following Press comment, while demand ahead of preliminary results due on Friday lifted Warner Estate 6 to 318p.

Oils give ground

Dullness in the Oil leaders mainly reflected lower opening levels in anticipation of a setback on Wall Street. BP reacted 6 to 298p and similar losses were recorded in Shell, 378p, and Tricentrol, 214p. Cautious weekend Press mention prompted weakness in Candecca, 13 lower at 187p, Carless Capel, 6 off at 158p, and Marinex, 4 down at 98p. Among other exploration issues, Berkeley fell 15 to 345p. *NCC*, on the other hand, rose 7 to 122p following news of the proposed new merger offer to Simplicity Pattern. The recovery movement continued in Double Eagle, up 10 more at 60p, with *Warrior rising 9 to 60p*.

Trusts became irregular. *Capital* issues to make further headway included Triplevest, up 8 at 342p, and Dualvest, 5 higher at 435p. Among Financial, Mercantile House responded to the interim results with a rise of 20 to 460p.

Shippings passed a relatively quiet session, but Common Bros rose 8 to 270p following news of the sale of two tankers for £16m. Buyers came for Reardon Smith, the Ordinary improving 5 to 117p and the A 8 to 110p, but speculative interest faded in P. and O. *Deferred which eased 3 to 141p.*

Textiles provided an exceptionally firm feature in Allied Textile which attracted strong support after the preliminary results and 10 per cent scrip issue to close 15 higher at 173p. Tomkinsons Carpets, the subject of favourable Press comment recently, added 5 more to 68p, but other issues trended lower. Courtaulds eased a couple of pence to 81p, while J. Crowther gave up 4 to 22p.

Quiet mines

Mining markets began the week on a quiet note. South African Golds mirrored the performance of the bullion price —$3 down at $372 an ounce— and closed showing minor *losses. Falls owed more to an* initial mark-down than to any significant selling. The Gold Mines index dipped 5.7 to 272.3.

Heavyweights showed losses ranging to a full point, as in Randfontein, £25 ex-dividend, while Western Deep gave up ¾ to £15¾ and President Brand ¾ to £15¾. The medium and lower-priced issues were featured by Doornfontein, 46 off at 732p and Welkom, 22 easier at 499p.

Financials lost ground across a broad front. The South Africans weakened in line with Golds. Gencor were prominent and retreated 25 to 925p while Anglo American Corporation relinquished 8 to 622p and UC Investments 20 to 570p. De Beers closed 4 easier at 348p.

The heavy falls in UK equities had a depressing effect on London Financials among which losses of 8 were common to Gold Fields and RTZ at 450p and 422p respectively.

Australians showed little change on balance. Light buying at the outset encouraged modest gains in a number of stocks but these were eroded in the afternoon trade on Wall Street's opening weakness.

Western Mining were finally 3 up on balance at 226p, after 230p. Peko-Wallsend edged up 4 to 322p and Seltrust "A" 2 to 52p, *the last-named following* favourable weekend Press comment.

In the oil and gas sector, Canada Northwest advanced 3 to 14p following speculative demand in overnight Sydney and Melbourne markets.

Elsewhere in generally dull Tins, Pengkalen added 5 more to a 1981-82 high of 350p in *response to revived bid speculation.*

FINANCIAL TIMES STOCK INDICES

	Jan. 25	Jan. 22	Jan. 21	Jan. 20	Jan. 19	Jan. 18	A year ago
Government Secs....	63.52	64.15	63.93	63.65	†63.61	62.96	68.86
Fixed Interest....	64.07	64.23	64.08	63.90	63.68	63.22	70.51
Industrial Ord....	557.7	567.2	559.1	545.8	545.9	534.7	463.9
Gold Mines	272.3	278.0	266.2	266.5	271.5	266.8	287.8
Ord. Div. Yield....	5.46	5.38	5.44	5.55	5.52	5.63	7.74
Earnings, Yld. % (full)	9.70	9.56	9.67	9.73	9.73	9.93	17.45
P/E Ratio (net) (*)....	13.10	13.30	13.15	13.11	13.12	12.85	7.01
Total bargains....	21,749	23,611	20,134	18,500	20,567	19,116	20,241
Equity turnover £m.	—	235.05	182.37	140.48	153.35	107.69	98.13
Equity bargains....	—	21,928	16,777	15,341	16,009	14,015	15,908

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

10 am 561.9. 11 am 560.2. Noon 557.5. 1 pm 556.7. 2 pm 555.8. 3 pm 556.7.

Latest Index 01-246 8026.

*Nil = 11.74.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs ..	70.61 (29/5/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int....	72.01 (20/5/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord....	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines..	429.0 (14/8/81)	262.6 (29/6/81)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

—Daily	Jan. 22	Jan. 21
Gilt Edged Bargains...	225.3	225.4
Equities.... Bargains...	142.1	108.7
Value....	475.1	368.6
5-day Avrge. Gilt-Edged Bargains...	243.6	235.8
Equities. .... Bargains ..	108.9	94.7
Value....	351.0	276.7

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+or–	Net div.	Times covered	Gross yield	P/E ratio
¶50	F.P.	—	30	28½	Asset Special 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	—	98	85	Baillie Gifford's Tst	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
82	F.P.	[illegible]	88	82	Ocelins Prop 20p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Eldridge Pope	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Equipu 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	10	8	FAC Enter. Warrants	8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	61	58½	Fledgeling Invs	61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
130	F.P.	[illegible]	[illegible]	[illegible]	Hayters 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Malaysian Tin 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US$6.50	F.P.	—	305	260	Newmarket 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Owners Abroad 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Peak Hldgs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
115	F.P.	[illegible]	121	117	Spayhawk 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Vinten 1p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	F.P.	—	49	47	York Mount	47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+or–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+or–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Abwood Mach. Tlsp.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brown (M)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	C S R A$1	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Carlton Real Ests. 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Gordon Glove	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Griqualand 5 cts	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	I.C.L.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Kwik-Save 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lennons Grp. 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	MEPC	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Reliance 50p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	T N T 50c	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Weanwell 5p	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimates for 1982. *Q* Gross. *T* Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ǁ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ǁǁ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ※ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2) (a).

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
GEC	24	834	+ 2	FNFC	18	31	—
ICI	23	336	+ 8	RHM	18	65½	+ 0½
Hambro Life	19	321	−14	BAT Industries	17	390	—
P & O Deferred	19	144	+ 4	NCC Energy	17	105	− 7
Royal Bk. Scot.	19	130	+ 2	RTZ	17	430	+ 5
Turner & Newl.	19	106	+ 4	Racal Elec.	16	388	− 5
Cable & Wrls.	18	237	− 1	Unigate	16	111	− 2

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Allied Textile	173	+15	Lucas	227	− 7
Associated Dairies	146	− 6	NCC Energy	112	+ 7
Barclays Bank	450	−12	Pilkington	280	−13
British Aerospace	209	− 8	Pittard	60	+16
Candecca	187	−13	Rank Organisation	190	+16
Huntley and Palmer	111	+ 3	Rowntree	154	−12

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	88	4
Corpns. Dom. and Foreign Bonds	23	11	38
Industrials	289	337	753
Financial & Props.	125	167	230
Oils	21	49	40
Plantations	—	7	17
Mines	23	62	83
Others	55	34	61
Totals	516	745	1,226

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 25 1982. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.0
Albania	Lek	9.95
Algeria	Dinar	7.7680
Andorra	French Franc	11.015
	Spanish Peseta	184.50
Angola	Kwanza	(CM) 62.936 / (T) 65.139
Antigua (S)	E. Caribbean $	5.01
Argentina	Ar. Peso	18,596.0(3)
Australia (S)	Australian $	1.6810
Austria	Schilling	30.425
Azores	Portugu'se Escudo	124.875
Bahamas (S)	Ba. Dollar	1.8545
Bahrain (S)	Dinar	0.699
Balearic Isles	Spa. Peseta	184.50
Bangladesh (S)	Taka	38.30
Barbados (S)	Babados $	3.7090
Belgium	B. Franc	(cm) 73.55 / (fn) 82.25
Belize	B $	3.7090
Benin	C.F.A. Franc	550.75
Bermuda (S)	Bda $	1.8545
Bhutan	Indian Rupee	17.01
Bolivia	Bolivian Peso	45.90
Botswana (S)	Pula	1.6585
Brazil	Cruzeiro ‡‡	244.65
Brit. Virgin Isles (S)	U.S. $	1.8545
Brunei (S)	Brunei $	3.8325
Bulgaria	Lev	1.7725
Burma	Kyat	11.95
Burundi	Burundi Franc	172.430
Cameroon Republic	C.F.A. Franc	550.75
Canada	Canadian $	2.2215
Canary Islands	Spanish Peseta	184.50
Cape Verde Isle.	Cape V. Escudo	67.75
Cayman Islands (S)	Cay. Is. $	1.5454
Cent. Af. Repub.	C.F.A. Franc	550.75
Chad	C.F.A. Franc	550.75
Chile	C. Peso	(Bk) 72.34
China	Renminbi Yuan	3.3545
Colombia	C. Peso	(F) 109.57
Comoro Islands	C.F.A. Franc	550.75
Congo (Brazaville)	C.F.A. Franc	550.75
Costa Rica	Colon	37.15
Cuba	Cuban Peso	1.4860
Cyprus (S)	Cyprus £	0.827
Czechoslovakia	Koruna	(com) 11.00 / n/c 18.16 / (T) 18.56
Denmark	Danish Krone	14.185
Djibouti	Fr.	300 (sg)
Dominica (S)	E. Caribbean $	5.01
Dominican Repub.	Dominican Peso	1.8545
Ecuador	Sucre	(O) 46.32 / (F) 63.55
Egypt	Egyptian £	(U) 1.54
Equatorial Guinea	Ekuele	369.00
Ethiopia	Ethiopian Birr	(P) 3.8050
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	14.185
Fiji Islands	Fiji $	1.6525
Finland	Markka	8.2745
France	French Franc	11.015
French C'tyin Af*	C.F.A. Franc	550.75
French Guiana	Local Franc	11.015
French Pacific Is.	C.F.P. Franc	190 (sg)
Gabon	C.F.A. Franc	550.75
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.335
Germany (West)	Deutsche Mark	4.335
Ghana (S)	Cedi	5.17
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	111.218
Greenland	Danish Kroner	14.185
Grenada (S)	E. Caribbean $	5.01
Guadaloupe	Local Franc	11.015
Guam	U.S. $	1.8545
Guatemala	Quetzal	1.8545
Guinea Republic	Syli	39.75
Guinea Bissau	Peso	70.85
Guyana (S)	Guyanese $	5.5725
Haiti	Gourd	9.2725
Honduras Repub	Lempira	3.72
Hong Kong (S)	H.K. $	10.8585
Hungary	Forint	64.9494‡‡
Iceland (S)	I. Krona	17.545
India (S)	Ind. Rupee	17.01
Indonesia	Rupiah	1,168.65
Iran	Rial	149.50(sg)
Iraq	Iraq Dinar	0.5512
Irish Republic (k)	Irish £	1.23325
Israel	Shekel	30.75
Italy	Lira	2,321.0
Ivory Coast	C.F.A. Franc	550.75
Jamaica (S)	Jamaica Dollar	3.3073
Japan	Yen	425.5
Jordan (S)	Jordan Dinar	0.630
Kampuchea	Riel	2,225.4
Kenya (S)	Kenya Shilling	19.27
Kiribati	Australian $	1.6810
Korea (Nth)	Won	1.80(ll)
Korea (Sth)	Won	1,321.50
Kuwait	Kuwait Dinar	0.527
Laos	New Kip	18.545
Lebanon	Lebanese £	8.7060
Lesotho	Loti	1.8080
Liberia	Liberian $	1.8545
Libya	Libyan Dinar	0.5490
Liechtenstein	Swiss Franc	3.465
Luxembourg	Lux Franc	73.55
Macao	Pataca	11.25
Madeira	Portug'se Escudo	124.875
Malagasy Republic	MG Franc	550.75
Malawi (S)	Kwacha	1.7285
Malaysia (S)	Ringgit	4.1925
Maldive Islands (S)	Mal Rupee	7.2900
Mali Republic	Mali Franc	1,101.5
Malta (S)	Maltese £	0.738
Martinique	Local Franc	11.015
Mauritania	Ouguiya ;	90.60
Mauritius (S)	M. Rupee	19.525
Mexico	Mexican Peso	49.27
Miquelon	C.F.A. Franc	550.75
Monaco	French Franc	11.015
Mongolia	Tugrik	(o)6.01(ll)
Montserrat	E. Caribbean $	5.01
Morocco	Dirham	9.92(sg)
Mozambique	Metical	55.25
Nauru	Australian Dollar	1.6810
Nepal	Nepalese Rupee	24.50
Netherlands	Guilder	4.745
Netherland Antilles	Antillian Guilder	3.3195
New Zealand (S)	N. Z. Dollar	2.3085
Nicaragua	Cordoba	18.55
Niger Republic	C. F. A. Franc	550.75
Nigeria (S)	Naira	1.209978 (sg)
Norway	Norway Krone	11.03
Oman Sul'ate of (S)	Rial Omani	0.641
Pakistan	Pakistan Rupee	18.51
Panama	Balboa	1.8545
Papua N.Guinea (S)	Kina	1.2955
Paraguay	Guarani	(O) 233.73 / (F) 304.28
Peru	Sol	exe (A) 956.52
Philippines	Philippine Peso	15.10
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3085
Poland	Zloty	(Cm) 151.61 / (T) 151.61
Portugal	Portugu'se Escudo	124.875
Puerto Rico	U.S. $	1.8545
Qatar (S)	Qatar Ryal	6.75
Reunion Ile de la	French Franc	11.015
Romania	Leu	(Cm) 8.13 / (n/c) 20.01
Rwanda	Rwanda Franc	177.68
St. Christopher (S)	E. Caribbean $	5.01
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	5.01
St. Pierre	Local Franc	11.015
S. Vincent (S)	E. Caribbean $	5.01
Salvador El	Colon	4.64
Samoa American	U.S. $	1.8545
San Marino	Italian Lira	2,321.0
Sao Tome & Prin	Dobra	72.90
Saudi Arabia	Ryal	6.34
Senegal	C.F.A. Franc	550.75
Seychelles	S. Rupee	11.64(sg)
Sierra Leone (S)	Leone	2.2422
Singapore (S)	Singapore $	3.8325
Solomon Islands (S)	Solomon Is. $	1.6705
Somali Republic	Somali Shilling (1)	(A) 11.78
Somali Republic	Somali Shilling (2)	23.10
South Africa (S)	Rand	1.8080
South West African Territories (S)	S. A. Rand	1.8080
Spain	Peseta	184.50
Spanish ports in North Africa	Peseta	184.50
Sri Lanka (S)	S. L. Rupee	37.76
Sudan Republic	Sudan £ (u)	1.67
Surinam	S. Guilder	3.3195
Swaziland (S)	Lilangeni	1.8080
Sweden	S. Krona	10.55
Switzerland	Swiss Franc	3.465
Syria	Syria £	(A) 10.0
Taiwan	New Taiwan $	66.75
Tanzania (S)	Tan. Shilling	15.42
Thailand	Baht	42.38
Togo Republic	C.F.A. Franc	550.75
Tonga Islands (S)	Pa'anga	1.6180
Trinidad (S)	Trinidad & Tob. $	4.4508
Tunisia	Tunisian Dinar	0.944(sg)
Turkey	Turkish Lira	259.50
Turks & Caicos	U.S. $	1.8545
Tuvalu	Australian $	1.6810
Uganda (S)	Uganda Shilling	160.0
United States	U.S. Dollar	1.8545
Uruguay	Uruguay Peso	(cm) 21.59 / (fn) 21.62
Utd. Arab Emirates	U.A.E. Dirham	6.81
U.S.S.R.	Rouble	1.3400
Upper Volta	C.F.A. Franc	550.75
Vanuatu	Vatu	177.45
	Aust. Dollar	1.6810
Vatican	Italian Lira	2,321.0
Venezuela	Bolivar	7.95
Vietnam	Dong	(O) 4.04 / (T) 4.42(11)
Virgin Islands U.S.	U.S. Dollar	1.8545
Western Samoa (S)	Samoan Tala	2.0860
Yemen (Nth)	Ryal	8.38(sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.6385
Yugoslavia	New Y Dinar	81.3635
Zaire Republic	Zaire	10.331908
Zambia	Kwacha	1.6675
Zimbabwe	Zimbabwe $	1.3415

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 77.90. ** Rate is the transfer market (controlled). ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (ǁ) Based on gross rates against Russian rouble. (1) Parallel exchange rate for essential imports. (2) Exports, non-essential imports and transfers. (3) Now one rate.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (47)

COMMONWEALTH LOANS (2)
Aust. 5½pc '81-82   S. Rhod. 3½pc '80-85

AMERICANS (1)
C.P.C.

BANKS (1)
Wintrust

BEERS (2)
Bell (A.) 9½pc Cnv. 1999-01   Burtonwood

BUILDINGS (3)
Countryside   Tilbury Group
Higgs & Hill

CHEMICALS (1)
Internatl. Paint

STORES (1)
Martin the Newsagent

ELECTRICALS (5)
Cambridge Elect.   Jones Stroud
Farnell Elect.   Nippon Elect.
Ferranti

ENGINEERING (5)
Concentric   Turriff
Firth (G. M.)   Williams (W.)
Pegler-Hattersley

FOODS (2)
Huntley & Palmer   Low (Wm.)

INDUSTRIALS (12)
Applied Computer   Macpherson (D.)
Assoc. Comms A   Marling Ind.
Baxter Travenol   Pauls & Whites
Bibby (J.)   Portals
Black (P.)   Riley (E. J.)
Initial Services   Silentnight

INSURANCE (1)
Brentnall Beard

LEISURE (1)
HTV Non-Vtg.

PAPERS (1)
BPC

SHOES (1)
Pittard

TEXTILES (3)
Allied Textiles   Tomkinsons
Munton Bros.

TRUSTS (3)
Cambrian & Gen.   Exco Internatl.
London & Provincial

OVERSEAS TRADERS (1)
Mitchell Cotts

MINES (1)
Pengkalen

NEW LOWS (13)

AMERICANS (1)
Gulf Oil

BUILDINGS (1)
Allied Residential

CHEMICALS (1)
Morley (R. H.)

INDUSTRIALS (3)
Christies Internatl.   Standard Ind.
Sotheby P. B.

TEXTILES (2)
Stoddard A   Sunbeam Wolsey

TRUSTS (1)
Precious Metals Trust

OILS (4)
Lon. Am. Energy N-V   TR Energy
Lon. Am. Energy Invs.   Texaco 4¾pc Conv.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 18	Jan 29	Apr 28	May 10
Feb 1	Feb 12	May 13	May 24
Feb 2	Mar 5	June 3	July 14

For rate indications see end of Share Information Service

Demand for Options improved sharply and calls were done in ICL, Exco, Neepsend, Richardsons Westgarth, John Laing A, Imps, Huntley and Palmer, *Avon*, Rubber, *John Brown*, RHM, R. P. Martin, Inter-City, Town and City Properties, Tozer Kemsley and Millbourn, Goodman Brothers and Stockman, KCA International, W. Goodkind, Raglan Properties, Hawley Leisure, Vickers and Woodside. Puts were taken out in Lucas, John Laing A, Midland Bank and Grand Metropolitan, while doubles were arranged in Bank of Scotland, John Foster and Allnatt London Properties.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Mon Jan 25 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Jan 22 Index No.	Thurs Jan 21 Index No.	Wed Jan 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (67)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (202)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39	Other Consumer (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (79)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Mon Jan 25	Day's change %	Fri Jan 22	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	All Stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	AVERAGE GROSS REDEMPTION YIELDS	Mon Jan 25	Fri Jan 22	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	58.8	63.2	+0.2	2.29
Capital	[illegible]	[illegible]	[illegible]	[illegible]
(Accum. Units)	[illegible]	[illegible]	[illegible]	[illegible]
General	[illegible]	[illegible]	[illegible]	[illegible]
Gilt & Fixed Int.	97.0	[illegible]	[illegible]	[illegible]
Income	37.8	[illegible]	[illegible]	[illegible]
Worldwide Bond	106.0	112.2	.....	[illegible]
Inv. Tst. Fd.	53.8	58.1		4.13
Equitas Prog.	84.7	92.6	-1.0	4.46

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	86.3	89.7	-0.9	13.53

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds				
Allied 1st	[illegible]	99.8	-1.1	5.40
Brit. Inds. Fund	[illegible]	85.5	-0.4	6.25
Growth & Income	57.8	61.9	-0.4	4.05
Elect. & Ind. Dev.	48.3	51.7	-0.4	4.43
Allied Capital	101.3	108.4	-1.2	4.60
Hambro Fund	138.7	148.4	-1.4	5.45
Hambro Acc. Fund	201.5	215.6	-1.8	4.64
Income Funds				
High Yield Fd.	68.9	73.7	-0.2	8.63
High Income	86.4	92.4	-0.7	8.93
Equity Income Fd.	47.8	51.1	-0.4	7.22

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632.

American (z)	26.4	28.7	.....	1.67
Australian (z)	22.7	24.6	+0.7	1.01
Far Eastern Tst. (z)	42.2	45.7	+0.4	1.22
High Income	35.2	38.2	-0.1	11.46
Intl. Trust (z)	48.1	52.2	+0.2	1.44
Basic Resources Tst.	44.1	47.9	-0.4	2.29
Incm. Growth Tst.	24.4	26.5	-0.1	8.37
Pref. & Gilt Tst.	17.9	19.4	-0.1	16.42
Smaller Co's Trust	29.1	31.5	+0.1	3.45

Choulerton Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685

Growth	15.7	16.9	+0.2	3.81
International	62.9	68.0	+1.0	1.14
High Income	28.3	30.5	+0.1	11.63

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	74.4	78.3	.....	3.69

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	35.5	38.8		11.50
North American	57.3	61.9	+0.1	2.74
Canadian Exempt*	60.8	64.3		3.30
Canadian Trust	49.5	53.5	+0.1	2.57
Mid Mount High Inc.*	45.4	48.0		9.96
Recovery	56.4	61.6	+0.9	3.57
Gilt Trust	38.9	40.7	-0.3	13.93

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492

Cres. Amer. Fd.	40.6	43.8	+0.1	0.57
Cres. Internat'l.	86.0	92.8	.....	1.62
Cres. High. Dist.	45.1	48.7	+0.1	8.98
Cres. Reserves	52.3	56.4	-0.6	5.32
Cres. Tokyo	41.7	45.0	.....	0.28

Dartington Unit Trust Mngt. Ltd.

[illegible]

Charities Official Invest. Fund‡‡
77 London Wall, EC2N 1DB. 01-588 1815

Income Dec 31		161.20	.....	7.51
Accum. Dec 31		398.03	.....	—

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
210	58	Coronation 25c	58	......	Q60c	1.9	55.1
650	90	Falcon Rh.50c	90	......	Q25c	10.3	20.7
135	60	Roan Cons. K4	70	......	ΦQ0.13	5.8	—
59	25	Wankie Col. Rh.1	29	......	Q3c	1.2	7.7
32	19	Zam.Cpr.SBD0.24	19	......	—	—	—

Australian

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
53	32	Acmex 50c	50	......	Q4c	—	4.9
41	14	ACM 20c	20	+1	—	—	—
21	5	Argosy Gold NL 25c	6	......	—	—	—
229	134	Bond Corp.	148	......	Q10c	2.3	4.2
112	65	Bougainville I Kina	70	+1	‡Q25.4c	1.0	‡
302	150	CRA 50c	156	......	Q19c	1.7	7.4
25	9	Canada Northwest	14	+3	—	—	—
35	11	Carr Boyd 20c	15	......	—	—	—
415	42	Central Pacific	44	......	—	—	—
35	3	Cons. Gold Min. N.L. 25c	3	......	—	—	—
47	13	Coltus Pacific N.L.	17	−2	—	—	—
68	22	Eagle Corp. 10c	24	......	—	—	—
43	18½	Endeavour 20c	20	......	—	—	—
560	290	G. M. Kalgoorlie 25c	290	−10	Q32½c	0.9	6.9
25	6½	Great Eastern	8	−½	—	—	—
165	55	Greenbushes Tin 50c	58	......	Q6c	1.9	6.3
275	130	Hampton Areas 10p	158	......	2.5	3.1	2.3
168	30	Haoma Gold N.L.	39	−2	Φ—	—	—
85	17	Intl. Mining	20	+2	—	—	—
118	24	Jimberlana (50cFP)	26	......	—	—	—
15	6½	Kalbara Min 20c	9½	......	—	—	—
245	70	Kitchener NL 25c	70	......	—	—	—
105	11	Leichardt Expln.	12	......	—	—	—
190	92	Meekatharra 25c	170	+2	—	—	—
70	36	Metals Ex. 50c	39	......	Q3c	1.7	4.7
38	16	Metramar Mins. 20c	17	......	—	—	—
20	7½	Mid East Mins. NL	9½	......	—	—	—
290	163	M.I.M. Hldgs. 50c	170	......	Q15c	Φ	5.6
57	21	Mincorp 20c	33	......	—	—	—
21	6	Minefields Expl. 25c	7½	......	—	—	—
20	13	Newmetal 20c	18	......	—	—	—
69	25	Nickelore N.L.	29	......	—	—	—
204	145	North B. Hill 50c	159	......	Q18c	1.0	7.5

Tins

Copper

Miscellaneous

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	21	Anglo-Dominion	25	−4	—	—	—
25½	12	Burma Mines 10p	13½	......	0.75	0.9	7.9
330	85	Colby Res. Corp.	95	......	—	—	—
330	200	Cons. Murch. 10c	250	−10	Q60c	Φ	12.8
10	5	‡‡Explaura Gold	8	......	—	—	—
98	47	††Hemerdon 10c	63	......	—	—	—
190	65	Highwood Res.	90	−5	—	—	—
505	210	Northgate C$1	215	......	—	—	—
633	372	R.T.Z.	422	−8	16.0	2.3	5.4
£130½	£93½	Do. 9¾% Cn Un Ln '95-2000	£97	+½	Q9½%	—	f9.9
103	13	††SPD Minerals 10p	19	......	—	—	—
47	15	Sabina Inds. C$1	11	+2	—	—	—
44	21	‡Southwest C. 10p	23	......	—	—	—
650	440	Tara Exptn. $1	465	+20	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Φ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a): not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Tuesday January 26 1982

SUN URGED TO DELIVER AT KINGS CROSS

BR seeks to test blacking decision

BRITISH RAIL last night risked raising still further the temperature of the increasingly-bitter train drivers' dispute. BR immediately sought to test yesterday's decision by staff at Kings Cross station in London to continue blacking newspapers published by the News International group.

BR requested News International to try to place blacked copies of the Sun on their normal distribution trains from the station. The request prompted speculation that the BR Board was seeking to identify drivers, guards and station staff carrying out the blacking in order to bring against them some form of disciplinary action—possibly even suspension from duty.

Even though the blacking is unofficial, widespread protest might well follow any disciplinary action seen as harsh by the Associated Society of Locomotive Engineers and Firemen.

Since the blacking of its titles began, News International has not bothered to even send papers to Kings Cross, but has sent them by road for distribution in areas affected by the blacking.

Legal managers of News International were last night still consulting counsel about whether to seek injunctions against BR staff blacking its newspapers.

Any injunction, like the one sought by the group in the High Court on Sunday, would be based on the common law provision that a breach of contract cannot be induced by a union or trade unionists unless it is in contemplation or furtherance of a trade dispute.

Whitehall officials believe the trade dispute between BR and Aslef would not cover the blacking of News International's titles, and that therefore the workers have no legal immunity against being sued in tort for damages.

The problem with injunctions in unofficial industrial action is that they have to be served on named people. With 300 staff involved, lawyers were considering whether this is practical.

BR's decision, therefore, to ask the group — publishers of the Sun, The Times, the Sunday Times and the News of the World—to take copies of the Sun to the 22.45 and 23.00 trains from Kings Cross last night is bound to be seen by train drivers as provocative.

The groups titles were blacked by workers at the station last week following an article in the Sun alleging widespread abuse of BR's rostering system. At the heart of the current BR-Aslef dispute is BR's efforts to introduce a more efficient system of flexible rostering.

BR's action followed a decision earlier yesterday by a mass meeting of about 300 workers at the station to continue the blacking, despite a court appearance the previous day by two of their union leaders.

The two officials, Mr Steve Forey, Aslef branch secretary, and Mr Dennis Cadywould, branch committee chairman, gave an undertaking to the High Court on Sunday that they would ask the Kings Cross workers to lift the blacking.

Both requested yesterday's mass meeting to do so, to the satisfaction of Mr Michael Baker, BR's chief solicitor, who attended as an observer. After they left the meeting, though, workers overwhelmingly decided to maintain the blacking, with only five staff understood to vote against the decision.

Following the meeting, News International was considering whether to seek an injunction to try to get the blacking lifted.

British Rail yesterday opened an inquiry into the allegations of the two drivers on which the article in the Sun was based, but it was adjourned for several days and the two men suspended on full pay. Mr Teddy Taylor, MP for Southend East, is to seek a statement on the blacking from Mr John Biffen, Trade Secretary, and Mr Norman Tebbit, Employment Secretary.

Officials of the Advisory, Conciliation and Arbitration Service made informal contact with BR and Aslef yesterday, but no talks were set up. It still seems there will be no quick move towards the establishment of a committee of inquiry following the collapse of efforts to get the dispute to arbitration.

RTZ wins control of Ward company

By Duncan Campbell-Smith

RIO TINTO-ZINC, the mining group with substantial building products and engineering interests, has won control of Thos. W. Ward, the industrial holding company, after a protracted takeover battle.

The purchase of Ward, for just over £125m, takes RTZ half-way toward its declared goal of establishing itself as a major force in the UK cement market. Ward owns 42 per cent of Tunnel Holdings, for which RTZ hopes to make a recommended bid shortly.

Sir Alistair Frame, RTZ's chief executive, telephoned Mr Peter Frost, Ward's chairman, just after 5 pm to say that RTZ's gradual accumulation of Ward shares in the market, together with bid acceptances from Ward shareholders, had taken RTZ's holding over 50 per cent.

Sir Alistair said it had been "a tough fight," but he was looking forward to "friendly and relaxed" discussions with Mr Frost in the next couple of days. Mr Frost said he had no regrets about the conduct of Ward's defence. He was disappointed at its outcome, but felt "quite excited about the future."

Where this will take Mr Frost is still unclear, and must await the outcome of RTZ's talks with Tunnel. Sir Alistair said he certainly hoped to see Mr Frost fully involved in any future grouping of the two companies.

Ward and Tunnel together control just over 20 per cent of the UK cement market. As a combined operation they would be second only to Blue Circle Industries among the leading competitors.

In 1980, RTZ had pre-tax UK profits of £39m on sales of £670m, with a workforce of about 12,000. Ward and Tunnel, with 10,000 workforce, would have added pre-tax profits of about £40m.

Bringing the two companies this far toward an amalgamation has not been easy for RTZ.

It acquired nearly 9 per cent of Tunnel last June, thus barring a takeover by Ward itself. RTZ's bid for Ward was launched with a stock market "dawn raid" on November 20.

Mr Derek Birkin, Tunnel's chairman, said last night that he was awaiting RTZ's approach. His board had supported RTZ by declaring before Christmas that an RTZ bid would not be unwelcome, though no price has been discussed.

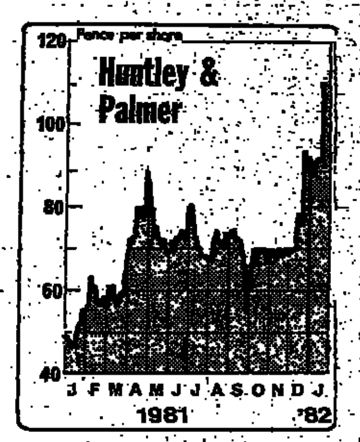
RTZ's bid has been made unconditional, pre-empting a difficult decision which would otherwise have been faced by a number of institutional shareholders this morning, the last day for acceptances. Prudential Assurance and M & G unit trust group together hold 20 per cent of Ward and had yet to make up their minds whether to accept RTZ's offer.

THE LEX COLUMN

A little sunshine from Rank

The level reached by the gilt-edged market last Friday evening assumed that the U.S. money supply figures would be satisfactory. Yesterday poor figures from New York were quickly translated into a 1½ point fall in both long and short bonds in London, but the market steadied in the afternoon, thanks to money market interventions by the Bank of England at an unchanged rate and an excellent set of trade figures.

Index fell 9.5 to 557.7



Rank

The Rank Organisation has confounded its critics for once. Yesterday's sharp jump in the share price—it closed 16p higher at 190p—can be ascribed partly to the adoption of the new U.S. currency accounting standard for Rank Xerox and partly to a cheerful swan-song statement from the chairman. But the underlying performance in the year to October is also healthier than expected. Profits are down only 6 per cent to £102.8m pre-tax.

The Ranx Xerox contribution has benefited from all the swings and roundabouts of the new foreign currency convention and looks £15m better than it would have done under the old rules.

There has been a small underlying gain in Rank Xerox trading profits, which is an impressive achievement given the price competition at the lower end of the copier market and the slower growth in copy volume. Rank Xerox has managed roughly to hold the balance between sales and rentals, so the depreciation charge is not running away, and new products are now coming on to the market. Moreover, the recent appreciation of the yen has at last put the margins of the Japanese producers under pressure and allowed Rank to push up its selling prices.

The non-Xerox performance is also a little ahead of forecasts though Rank is still working to reassure the city about the quality of its earnings. The industrial division, which bore the brunt of the £2.2m of reorgansation costs, was heavily in loss and Rank appears to have misjudged the severity of the downturn in the holiday industry. So the slight improvement in trading profits must be due principally to the property business.

Disposals and closures alone should lift the non-Xerox interests in the current year and the balance sheet is now strong enough to absorb any further write offs without difficulty. A revaluation of properties has helped to push up net worth by 15 per cent to £565m and net debt is roughly maintained, after adverse currency movements, at £191m. But, with the shares yielding 8.4 per cent, Rank still needs to make those assets sweat.

Biscuit bid

With the floodwaters of the Ouse lapping round their corporate headquarters, Rowntree Mackintosh's directors have had an excellent opportunity for strategic thinking. The result of this—rather to the City's surprise—is a decision to end the company's avuncular relationship with Huntley and Palmer by making a full bid. Rowntree's failure to establish a beachhead in the U.S., as it intended at the time of last April's £43m rights issue, must have nudged it in Huntley's direction, and the sight of Allied-Lyons sniffing around seems to have been decisive.

The move is not being presented as defensive: Rowntree's grocery ambitions have been smouldering for years, and it seems to have concluded that H and P required a big injection of outside capital from somewhere. Its spending on capital account, relative to sales, has been roughly half the Rowntree or United Biscuits level. The cash cost of taking it over and getting unit costs down will far exceed the £27m cash element of the bid.

The Office of Fair Trading will be taking a keen interest in the bid (and maybe in United Biscuits' takeover of Terry, a move in the opposite direction). Rowntree and H and P have lots of overlap in that profitable area where biscuit merges into countline; against that, a beefed-up H and P might become a more competitive force in the general biscuit market.

In terms of 1981 earnings, the proposed exit p/e on a full tax charge at the bid price of 101p (with Rowntree shares down 12p to 154p) is 20 times or more, but the shares, up 3p to 111p yesterday, are confidently looking for more, with or without a counter-bid.

The defence will argue that H and P is half way through a programme of restructuring, and that its brands and market shares in biscuits and snacks are worth a big goodwill element over the tangible assets of 110p a share.

Rowntree shareholders might take a dim view of paying much above the present bid price. In the last six years they have supported three rights issues to finance investments, such as the push into European confectionery markets, which have yet to produce returns. They are now being asked to accept dilution and further capital commitments. A rights issue in 1983 to fund rationalisation costs at H and P would go down very badly indeed.

Burmah/Croda

Burmah is not going to win control of Croda with its present £79m bid, evn though the terms look quite good relative both to the market capitalisation before its offer and to 1981's trading figures. Yesterday's defence document reports a fair measure of profits recovery last year, from £7.4m to £10.1m pre-tax and bumps the dividend up by a fifth, leaving a yield of 7.7 per cent at the bid price.

But there is clear scope for further improvement, over both the short and medium term. Most of last year's upturn stemmed from a fall in finance costs, worth about £2m, and from loss reduction of £1 or more. Large parts of the group were still making very poor returns, like the old Midland-Yorkshire business with sales of maybe £45m.

Towards the end of the year, however, there were signs of a better trend in demand. Croda made £6m in the second half of 1981, which forms a base for this year's projections.

Looking further ahead, Croda reveals coyly that some months before the Burmah bid it had produced a "Blueprint for the Eighties" which set a number of "realistic targets"—not forecasts—for the next few years. These apparently imply annual sales growth of 15 per cent plus and a recovery in the return on capital to just over 20 per cent before interest, compared with a little more than 10 per cent in 1981. No doubt Croda will be asked to be a bit more specific in the next few weeks.

Lloyds set to buy Bowmaker

By William Hall, Banking Correspondent

LLOYDS AND SCOTTISH, Lloyds Bank's finance house, is expected to announce today the acquisition of Bowmaker, Britain's last big independent finance house, in a deal worth about £80m.

With over 100 offices throughout the UK and Eire, Bowmaker is regarded as one of the country's best-run finance houses and there has been considerable speculation as to who would eventually take it over following last October's announcement that it was up for financial institutions, mainly foreign, were believed to be interested.

Established in 1927, Bowmaker bought by C. T. Bowring, the insurance brokers, for £34.6m in 1969, after a fierce takeover battle with First National Finance Corporation.

In 1980, C. T. Bowring was taken over by Marsh & McLennan, one of the world's largest firms of insurance brokers, and the decision was taken to sell Bowmaker.

It was felt that its long-term prospects would be enhanced by its sale to a group to whose mainstream activity it was more closely allied.

Bowmaker was the last big UK finance house not to be owned by a High Street Bank. Lloyds and Scottish lost its independence last year following a bid from Lloyds Bank.

The Royal Bank of Scotland Group, once thought to be in the running for Bowmaker, still owns 40 per cent of Lloyds and Scottish, which Lloyds Bank is anxious to buy.

Bowmaker's profits peaked at £12.5m in 1978 and last year it made £4.9m. Its net worth at June 30, 1981 was £54.9m and it also had £48.1m of deferred tax in its balance sheet.

GLC rate may go up 144%

BY ROBIN PAULEY

THE Greater London Council portion of London rate bills for 1982-83 could increase by as much as 144 per cent this spring, according to a range of expenditure options to be presented to councillors next week.

Londoners in a growing proportion of the 32 boroughs are also likely to have to pa ya borough-rate increase well in excess of the current rate of inflation. They receive one rate bill for the combined GLC and borough rates.

The GLC budget options have been complicated by the Law Lords ruling which caused the scrapping of the cheap fares policy on London Transport for whose budget the GLC is responsible.

A recommendation on the 1982-83 GLC rate wil lbe made on February 16.

Part of the reason for the possibly large rise in the GLC rate is a list of unspecified new projects. These will add another 8 per cent to rate bills if only high-priority measures are accepted, and 34 per cent if high, medium and low priorities are accepted.

All the calculations are based on the original 1981-82 rate of 18.2p. The later supplementary rate of 11.9p was declared illegal by the Law Lords. The few people who paid it are receiving refunds or credit-notes.

A confidential GLC policy committee document shows that if 1981-82 polices, which included subsidies to London Transport, had been continued into next year and only adjusted for inflation, a gross GLC rate of 41.2p would have been needed to finance expenditure of £781m. Provision of £353m (or a rate of 18.6p) for payments to London Transport Executive now, however, has been subtracted because of the Lords ruling.

The council has decided to approve subsidies to the LTE of £84m for calendar 1982, £63m (3.3p rate) of which will fall into the financial year 1982-83.

Another £12m arising mainly from interest on capital programmes must be taken into account, bringing basic expenditure to £503m (or a rate of 26.5p).

Various government grants would reduce this to an effective rate for the ratepayer of 17.8p or 2 per cent less than last year.

The paper also examines, however, the impact of unspecified high, medium and low priority new spending plans.

High priority plans costing £23m push the rate after grants up to 19.7p (8 per cent up on 1981-82).

Burns optimistic on economy

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE TREASURY is cautiously optimistic that the prospect for the UK economy this year may be better than appeared when it published its forecast in December.

At that time it forecast a modest increase in output of 1 per cent. Yesterday, Mr Terry Burns, chief economic adviser to the Treasury, said: "There may be a greater chance of this being exceeded than of the economy falling short of it."

His remarks, made to an Industrial Society Special Conference in London yesterday, came in the context of a moderately encouraging review of the UK's recent performance. At present the Treasury is preparing its private pre-Budget projections.

He said considerable progress had been made in reducing the rate of inflation and of the growth of the national income in money terms (money GDP).

"The growth in money GDP is down to about 10 per cent a year from nearly 20 per cent in 1979-80 and the rate of inflation has roughly halved since the spring of 1980."

However, Mr Burns said a large part of the burden of reducing inflation had fallen on output and this had been caused by the excessive rise in wages during the Government's first 18 months in office.

For the longer term he emphasised that real recovery was most likely to be brought about by a further reduction in inflation and costs.

There was, he said, only a limited amount the Government could do to promote improved economic conditions which would result from lower rates of inflation.

"They largely depend on how industry and wage bargainers react. The Government's position is that it must maintain a disciplined financial framework which will be consistent with a further reduction in inflation."

He made it clear he did not favour any substantial injection of money demand into the economy when he said the current growth of money GDP at 10 to 11 per cent a year was enough to support a satisfactory recovery, provided it was not wholly absorbed in higher inflation.

In the current year, Mr Burns expected the downward path of inflation to be resumed, some recovery of profit margins and a "useful growth" of private sector investment.

Feature, Page 18

Toyota merges groups

By Richard Hanson in Tokyo

TOYOTA MOTOR COMPANY, Japan's biggest motor group, announced yesterday that it will merge fully with Toyota Motor Sales, its marketing arm, on July 1.

The merger, which will end more than 30 years of separation, is intended to bring about a more "integrated and flexible" development of the group's production and sales functions. Toyota is especially concerned to improve its overseas marketing strategy at a time of fiercer competition and growing protectionism.

Toyota Motor Sales (TMS) was set up in 1950 to concentrate exclusively on distribution and sales of Toyota vehicles as part of a plan drawn up by the group's banks to help it out of serious recession.

The decision to merge was made following the appointment last July of Mr Shoichiro Toyota, formerly a vice-president at the production company, as president of Toyota Motor Sales in Tokyo. His older cousin, Mr Eiji Toyoda, is president of the parent production company.

Under the agreement of intent signed yesterday by the two presidents, TMS will be absorbed on an "equal" basis into a newly capitalised Toyota Motor Company.

The 5,161 employees in the sales company will join the new Toyota Motor Company, which has 48,757 employees.

Fleming rethinks reorganisation

BY ROSEMARY BURR

ROBERT FLEMING Investment Management is reconsidering its proposed reorganisation of 13 investment trusts because institutional shareholders believe it does not go far enough.

The proposals, made in December, had been designed to reduce the difference (discount) between an investment trust's share price and its net asset value. Investment trusts are quoted companies which run investment portfolios.

Lord Mark Fitzalan Howard, a Fleming director, said: "We are rethinking the proposals, but the whole plan has not been aborted." He declined to say how many trusts were involved in the latest reappraisal, but suggested that more specialisation might be necessary in certain cases.

On the whole specialised trusts have proved more attractive to investors than general middle of the road trusts.

The original proposals involved the merger of certain trusts an da switch in investment policy for others.

But is became apparent last week that institutions were looking for amore radical solution. One major shareholders, London and Manchester Assurance, increased its stake in Fleming's United States and General Trust, which has assets of £30m, to block Fleming's move.

Mr Ian Henderson, a director of London and Manchester, said yesterday "my first aim is unitisation or liquidation of the trust." Unitisation occurs when an investment trust is turned into a unit trust, which means individual holdings are priced according to the trust's net asset value rather than by supply and demand for the company's shares.

Under the original proposals, United States and General was to be merged with two other Fleming trusts and the funds were to be invested solely in the UK.

U.S. markets

Continued from Page 1

It closed in London at Y229.25 to the dollar against Friday's Y227.

Sterling fared better against Continental currencies, rising to DM 4.3350 from DM 4.3250 but fell to SwFr 3.4650 from SwFr 3.4725. Its trade-weighted index dropped to 90.7, only slightly below Friday's close of 90.9.

Wall Street's financial markets weakened when trading opened yesterday, demonstrating dismay at the increase in the U.S. money supply which was announced on Friday afternoon.

Share prices fell sharply, pulling the Dow Jones Industrial Average down by 7 points by early afternoon.

In the credit markets, interest rates were broadly higher, with the key Fed funds or interbank rate jumping sharply to 15 per cent at one stage from 13.50 per cent on Friday. The Federal Reserve did, however, supply reserves to the banking system in late morning to ease some upward pressure.

Traders said that banks appeared to be bidding more aggressively for funds because of fears about how the Fed will respond to the alarming behaviour of the money supply. There were widespread expectations of an increase in the Fed's discount rate from the present 12 per cent.

Mr Paul Volcker, chairman of the Federal Reserve, yesterday made clear his continued commitment to restrictive monetary policy, but said it was up to the Government and Congress to cut "excessive deficits" to release credit for business as the economy recovers.

Mr Volcker claimed the U.S. was "turning the corner" in its fight against inflation, but that it was too soon to claim victory. He was speaking at a convention of home builders in Las Vegas.

In London, three-month Eurodollar interest rates jumped more than a percentage point to 15⅞ per cent from 14⅞ per cent on Friday.

Weather

UK TODAY

SUNNY intervals and showers.

London, S.E England, E. Anglia
Cloudy with outbreaks of rain at first, becoming brighter. Max 10C (50F).

Midlands, S.W., N.W., N.E. England, Wales, Borders
Sunny intervals and showers. Max 9C (48F).

Rest of Scotland, N. Ireland
Cloudy with outbreaks of rain. Max 7C (45F).

Outlook
Wintry showers, particularly in the North and East.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	11	52	L' Ang.†	C	10	50
Algiers	F	13	55	Luxmbg.	Fg	−2	28
Amsdm.	R	3	37	Luxor	C	18	64
Athens	C	10	50	Madrid	S	14	57
Bahrain		—	—	Majorca	F	12	54
Barclna.	S	13	55	Malaga	S	18	64
Beirut		—	—	Malta	C	13	55
Belfast	C	9	48	Mchstr.	R	9	48
Belgrd.	Sn	−2	28	Melbne.		—	—
Berlin	C	1	34	Mx. C.†		—	—
Biarritz	R	9	48	Miami†	F	15	59
Bmghm.	F	11	52	Milan	Fg	1	34
Blackp'l	R	7	45	Montr'l†	F	−23	−9
Bordx.	R	5	41	Moscow	S	−8	18
Boulgn.	Fg	5	41	Munich	C	0	32
Bristol	C	9	48	Nairobi	S	28	82
Brussels	R	2	36	Naples	C	9	48
Budpst.	C	−2	28	Nassau		—	—
Cairo		—	—	Nwcstl.	C	11	52
Cardiff	C	8	46	N Yorkt	F	−10	14
Casbca.	S	17	63	Nice	S	12	54
Cape T.	S	22	72	Nicosia	F	18	64
Chicg.†	Sn	−17	1	Oporto	S	12	54
Cologne	C	2	36	Oslo	C	−5	23
Cpnhgn.	C	1	34	Paris	R	2	36
Corfu	C	13	55	Perth	S	26	79
Denver†		—	—	Prague	C	0	32
Dublin	C	10	50	Rykjvk.	C	3	37
Dbrvnk.	S	10	50	Rhodes	F	16	61
Ednbgh.	C	10	50	Rio J'o†		—	—
Faro	S	17	63	Rome	C	11	52
Florence	F	9	48	Salzb'rg	C	1	34
Frankf't	Fg	−2	28	S'cisco†	F	6	43
Funchal	F	17	63	S. M'ritz		—	—
Geneva	C	3	37	Singapr.		—	—
Gibrltr.	S	19	66	S'tiago†		—	—
Glasg'w	R	9	48	Stckhm.	C	−2	28
G'rnsey	Fg	9	48	Strasb'g	F	15	59
Helsinki	Sn	−5	23	Sydney		—	—
H. Kong	F	24	75	Tangier		—	—
Innsbr'k	F	1	34	Tel Aviv	C	16	61
Invrnss.	F	11	52	Tenerife	F	20	68
I.o.Man	C	9	48	Tokyo	S	9	48
Istanbul	R	6	43	Tor'nto†	C	−17	1
Jersey	R	10	50	Tunis	C	11	52
Jo'burg	F	26	79	Valencia	F	18	64
L. Plms.	F	19	66	Venice	F	5	41
Lisbon	S	13	55	Vienna	C	0	32
Locarno	S	3	37	Warsaw	C	−1	30
London	C	10	50	Zurich	C	0	32

NEWS REVIEW

BUSINESS

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.